



SUSTAINABILITY REPORT  
2016-17  
UPL Limited



At UPL, we place the "Farmer First" in all that we do and continuously strive to innovate products which benefit our farmers. We are driven by two key objectives namely to enhance farm viability and to enrich the farm prosperity. We are contributing to farmers' prosperity in 130 countries with solutions that increase yields, protect crops, better harvest and prolong storage. The 'Farmer First' is an initiative that provides the requisite know how about using the products and services of our company. We have made specific investments that aim to educate, assist and address issues of the farmers. The company is graduating from just a product producer to a service provider which is adding value to our farmers.

The Adarsh Kisan Center, an advisory call center for farmers in India across all three locations, was set up by the company. The information related to right resource mix with specific details of seeds is suggested to farmers. These suggestions have ensured attractive increase in per capita income per acre of crop produce. Currently, 1.5 million farmers across geographies are registered on the Adarsh Kisan Center database.

Adarsh Farm services educates a farmer with the benefits of pest control and available pest control technologies. We inform farmers about mechanised field spraying technology which eventually saves time and cost. Along with spraying technologies farmers are also trained about the benefits of accurate dosage and uniform spraying. Trust ++ is another service provided by our company to improve single crop productivity. We enhance the knowledge of our farmers by sharing information pertaining to technologies, markets and global trends. Our farmer's training tool ensures enhanced viability in farming and management of cutting edge technology.

**Farmer Advisory Services**

- ♥ What to grow
- ♥ Right resource mix
- ♥ Attractive increase in per capita income per acre of crop produce

**Adarsh Farm Services**

- ♥ Benefits of pest control
- ♥ Superior spraying technology
- ♥ Mechanised field spraying technology to save time and cost
- ♥ Accurate dosage and uniform spraying

**Trust++**

- ♥ Improve productivity of single crop
- ♥ Information related to technologies, markets and global trends

**Farmer's Training Tool**

- ♥ Enhanced viability in farming
- ♥ Management of cutting edge technology

# Farmer First



# Performance Highlights

## Sustainability and Environment

Launched UPL Sustainable Development Plan to reduce

**30%**  
environmental footprint by 2020

Zero tolerance towards environmental non compliance



**ISO 14001:2004**

Environment Management certification

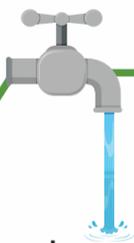


**22%**

Reduction in CO<sub>2</sub> emissions in FY 2016-17 as compared to FY 2015-16

**19%**

Reduction in water consumption in FY 2016-17 as compared to FY 2015-16



**27%**

Reduction in waste water discharge in FY 2016-17 as compared to FY 2015-16



Signatory of World Business Council for Sustainable Development



First among chemical companies in India granted to use Responsible Care logo.

## Economic



**130+**

Number of countries of the company's presence

## Social



**1000**  
man-days

Safety trainings conducted

Employees (direct and indirect) representing UPL across 25 nationalities in the world

**10,462**  
Employees



Spends **9.7%**  
on its net profit on CSR



**5E**  
CSR Process



**Farmer First**

Contributing to farmer's prosperity in 130+ countries

**Adarsh Kisan Centre**

**1.5 million farmers** across geographies registered

Constitution of an **Emergency Response Team (ERT)** at every unit.



**16.80%**

Growth in Revenue compared to FY 2015-16

**83.7%**

Net Profit Growth

**3rd**



Global status in post-patent crop protection chemical company



## Vision Mission and Values

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# Vision Mission and Values

## Our Vision

To be a world-class organisation by enhancing value for customers and other stakeholders, by caring for employees to inspire their engagement as a motivated team in an open and learning environment, by setting new performance standards and by focusing on total quality control, innovation and responsive care towards the environment.

## Our Mission

Manufacturing and supplying crop protection and specialty chemicals world-wide by providing solutions to optimise farm productivity for the farmer through innovative and cost-effective products to provide the customer with better value for money.

## Core Values

### Change the game

- Challenge status-quo and current ways of working
- Anticipate the future and be adaptive to change
- New thinking to develop innovative solutions for customers
- Lowest cost manufacturing/efficiency across the globe

### Passion for excellence

- Setting and expecting high standards in everything people do
- Striving for the best product quality, challenging the benchmarks
- Maximising productivity through efficient processes
- Being responsive to customer needs and expectations

### Nurture the environment

- Ensuring high standards of compliance and safety
- Following sustainable environmental practices

### Energising Employees

- Providing a stimulating environment to help employees learn and grow
- Promoting teamwork and collaborative working
- Focusing on competency development and career growth
- Respecting people and show concern for them

# ABOUT THE REPORT



UPL Ltd. has published its first standalone Sustainability Report for the financial year 2016-17 themed "Farmer First". This report will serve as a comprehensive tool for disclosing our non-financial performance in addition to the disclosures in the annual report.

## Report Period and Scope

This report discloses sustainability information from 1<sup>st</sup> April 2016 - 31st March 2017. This includes operations that fall in the direct control of our organisation. Subsidiaries, joint ventures and associate companies where we have no operational control are excluded. The report discloses the performance of our headquarters located at Mumbai along with twelve manufacturing plants located in India.



## Reporting Framework

The report is based on Global Reporting Initiative (GRI) G4 guidelines conforming to the 'In accordance - Core' option. The content of this report is based on our performance and the principles of materiality, stakeholder inclusiveness, sustainability context and completeness. A detailed view of our strategy, performance, and achievements along social, environmental and economic parameters is highlighted in this report. . The report content is based on the concept of materiality which brings out the top sustainability focus areas for the company and our key stakeholders. We have relied on our internal systems and management processes to account for our sustainability performance. The data measurement techniques and the basis of calculations are furnished in the relevant areas of the report. We continue to comply with the SEBI's mandate on Business Responsibility Reporting (BRR) (As per clause (f) of sub regulation (2) of regulation 34 of Security Exchange Board of India (SEBI's Listing Regulations), To view our BRR, refer to our Annual Report FY 2016-17. ([https://www.uplonline.com/pdf/2016-17/q4/UPL\\_ANNUAL\\_REPORT\\_2016-17.pdf](https://www.uplonline.com/pdf/2016-17/q4/UPL_ANNUAL_REPORT_2016-17.pdf))

Over the course of our interactions with our stakeholders we have identified material topics which are of importance to us and the stakeholders. The report describes our performance against the identified material topics. The boundary for the identified material topics are primarily limited to the UPL's manufacturing locations. We intend to continue our effort of reaching out to our stakeholders to validate our materiality responses for future reporting cycles.

This performance is based on the data and information collected and collated from primary sources across our operations. The GRI Index on Page 93 provides a list of GRI Indicators (as per GRI G4 guidelines) and their locations within this report.

## Queries may be directed to:

We have taken the first step in disclosing our performance along the triple bottom line and we are confident that with your support, our efforts will only improve in the years to come. Your feedback and suggestions in this regard are important to us and the same can be communicated to:

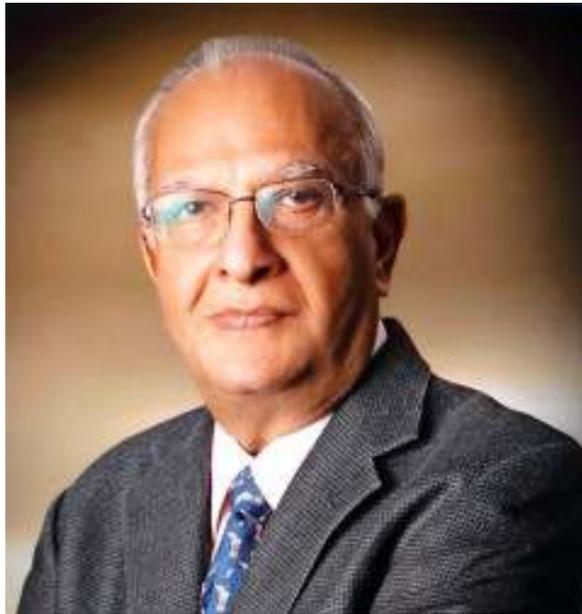
### Dr. Mritunjay Chaubey

Global Vice-President - Environment & Sustainability  
 UPL Limited, UPL House, 610 B/2, Bandra Village, Off Western Express Highway, Bandra (East), Mumbai 400 051.  
 Phone: +22 71528840  
 Email: [mritunjay.chaubey@uniphos.com](mailto:mritunjay.chaubey@uniphos.com)

## Forward-looking statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to statements about our strategy for growth, product development, market position, expenditures and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. We cannot guarantee that these assumptions and expectations are accurate or will be realised. Our actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. We assume no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

# MESSAGE FROM THE CHAIRMAN



**16%** Revenue Growth  
**83.7%** Net Profit Growth  
**26.5%** EBIDTA Growth

## Farmer First

Farmers are at the core of all activities at UPL. The key to our sustainability is not that we maximise revenues, margins and profits but it is that we empower the farmer to do so in the first place. All our solutions and services such as Adarsh Kisan Call Center, Trust ++ and UNIMART assist farmers to transform their farm viability towards robust growth. We believe that this ability to enhance farmer competitiveness promoted a growing preference for our products making it possible to better our market share.

## Sustainability @ UPL

At UPL Limited, we believe that Sustainability is the best opportunity for business to drive smarter innovation and profitable growth. Sustainability ensures a fair society, living within environmental limits and creating a sustainable profitable business. We are constantly working to reduce our environmental footprint and find innovative product solutions that benefit the society. Our commitment to environment protection and health and safety extends beyond the scope of legal requirements. We have invested in systems to reduce emissions and effluents. Our dedicated Green Cell addresses environmental issues across manufacturing plants. Each of our plants comprises a state-of-the-art effluent treatment plant, resulting in zero discharge. Our organisation has decided to reduce environmental footprint by 30% till 2020 compared to FY 2015-16 across the four focus areas: water consumption, carbon emissions, waste generation and waste water generation. At UPL, we believe in ensuring successive reduction in environmental footprint and we monitor our performance on a regular basis. It is reporting channels like these that encourage us to share the environmental performance with our stakeholders.

## Dear Stakeholders,

I am delighted to present the first Corporate Sustainability Report of UPL Limited which records our progress on the non-financial parameters which ensures a more sustainable future for all. The journey from a phosphorus based industrial chemical company to the fastest growing Agro Company has been phenomenal. We take pride in growing year on year with the aim of "Doing things better". The year 2016-17 was one of the most challenging that the industry has seen in years. A number of countries experienced erratic weather that impacted farm output, commodity realisations declined, farmers held back sowing in regions following enhanced water-stress, geopolitical challenges affected sales and currency devaluation dented earnings. Each of these factors would have been potent enough to erode earnings; that these transpired concurrently affected revenues of crop protection chemical companies worldwide. It is in this context that the performance of UPL Limited must be appraised. The company reported 16% revenue growth, 23.1% EBIDTA growth and 83.7% net profit growth on a consolidated basis.

**30%**

Reduction in environmental footprint till 2020 compared to FY 2015-16

The company is equally cautious about the health and safety impacts of our operations and has invested in processes and practices to enhance operational safety. We have taken adequate measures to ensure better employee health standards. The company would continue to work towards its Safety Vision 2017 'to become one of the best and safest chemical manufacturing companies in the world and achieve best in class safety by making it a way of life'. With each step we strive to achieve our goal of zero accidents.

We are also committed to the Environment Management System (EMS) and the OHSAS that further aid in achieving operational excellence.

We are committed to the chemical industry's Responsible Care™ initiative and have set out the basic principles of this commitment in our Global Environmental Footprint Reduction Plan. UPL is also a member of the WBCSD which reflects our commitment towards sustainability and creating sustainable agriculture.

## The UPL Advantage

Our knowledge is our biggest asset which sets us apart in a challenging business environment. The company comprises one of the most effective combinations of talented agronomists and engineers. Over the years we have recruited professionals from local geographies thereby enhancing our global terrain understanding. These teams are responsible for providing a combination of a superior product at an optimised cost. Our diversified portfolio comprising of unique mixtures, combination products and formulations are sold as branded off-patent products.

**INR 23.79 Crore**

CSR spent in current financial year

## Corporate Citizenship

The company plays its role in upliftment of society and development of the country at large. The long term view towards the development of rural areas, improvement of education and ensure requisite healthcare facilities has been the focus of our activities. Our core CSR values of Care, Excellence and Sustainability provides impetus to meet the vision of the company. The total spent of CSR activities in the reporting year is 23.79 Crores.

## Contribution to SDGs

The United Nations (UN) adopted the "Agenda 2030" with a total of 17 [Sustainable Development Goals \(SDGs\)](#) in September 2015. These goals are designed to offer solutions to overcoming global challenges such as poverty, hunger, inequality, climate change and numerous others. At UPL, we are fully committed to achieve the UN Sustainable Development Goals. To enhance the impact of our activities we have joined a forum of "Global Citizen" which works towards meeting the objectives of Sustainable Development Goals. We create value for our stakeholders, while improving our operational performance and meeting the industry norms set by regulators. The report provides a view of our efforts towards each pillar of sustainability. Therefore, we have also set voluntary standards of performance measurement and development. This will further align our activities to meet our sustainability objectives.

It is coming together of these diverse capabilities of UPL that makes it a well-rounded player and emerging as one of the top five global generic crop production chemical players across the foreseeable future. We pledge to strive towards achieving operational sustained growth while being responsible towards the environment and society at large.

**R D Shroff**  
Chairman

# KNOW US BETTER

A woman wearing a vibrant, multi-colored sari is kneeling in a shallow, muddy rice paddy field. She is focused on tending to young rice seedlings. The field is lush green, and the water reflects the sky. In the background, there are more rice fields and a small structure. The overall scene depicts a traditional agricultural setting.

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## Organisational Profile

### Highlights

We are an agro chemical company that provides farm and crop solutions to the farmers to enhance productivity and increase their profits. We develop solutions in form of products that are made to cater the demands of farmers around the world. We have invested in research and development of farm solutions that provides complete crop solutions with a diversified product portfolio. Over the years, we have grown to become a one stop solution for farmer's needs. We made a step further to respond to the growing challenges of agriculture sector worldwide.

40+

Countries physical presence through subsidiaries and associates

10,462

Employees (direct and indirect) representing UPL across 25 nationalities in the world

33

Number of manufacturing facilities across the world including 2 JVs

12

Manufacturing facilities in India

130+

Countries with sales presence

25+

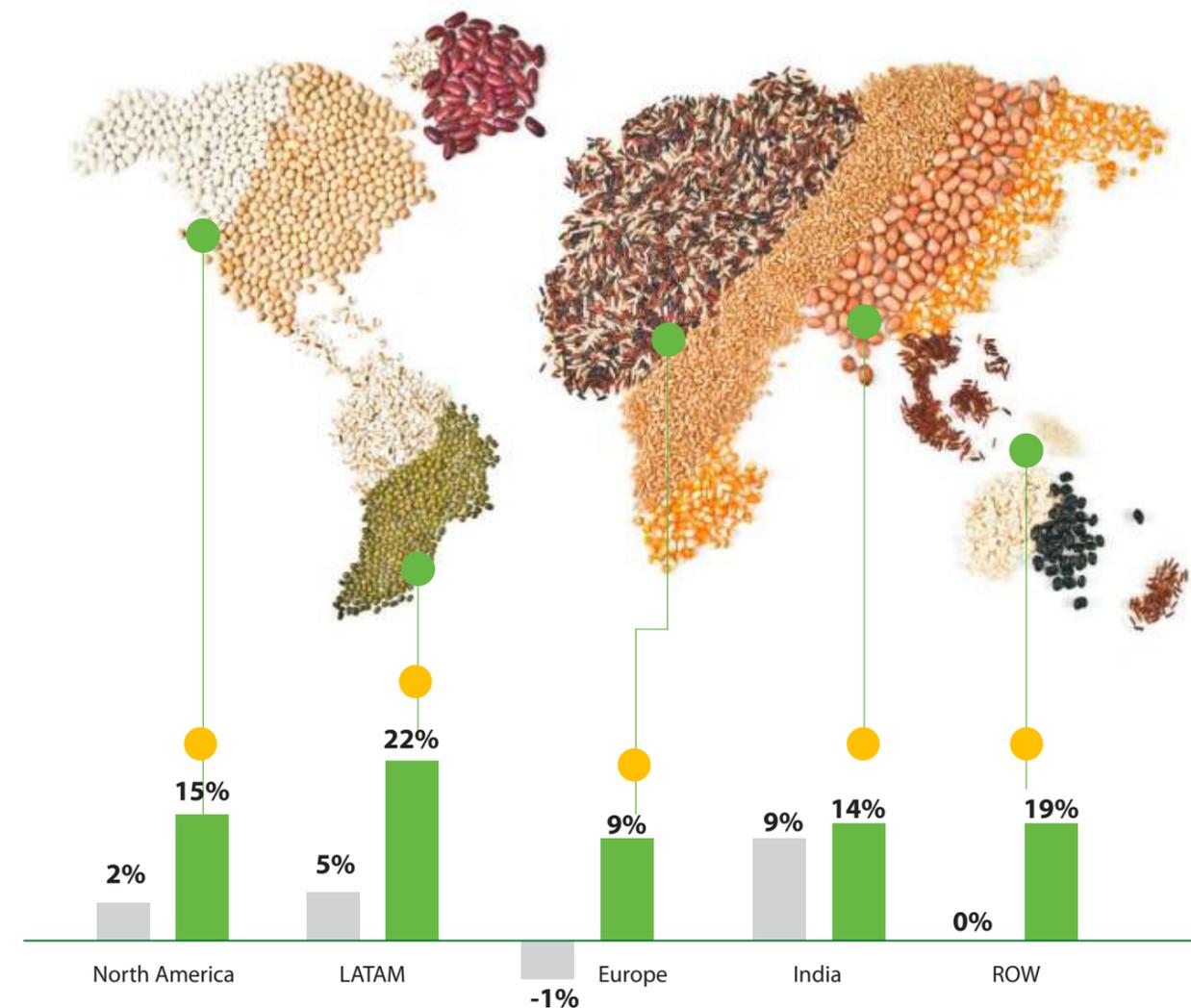
Acquisitions in more than two decades

5,934

Number of product registrations across countries

9

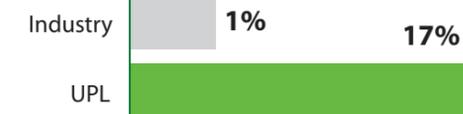
UPL's status among the largest global agrochemical countries



UPL CAGR (FY2012-2017)

Industry CAGR (CY 2011-2016)

Source: Phillips McDougall Agri-services (Mar. 2017) Industry Data  
\*Industry Data is for the Calendar Years 2011 – 2016. UPL data is for the Financial Year-end from March 2012 to March 2017



Overall CAGR (FY 2012-2017)

### Our Global Footprint

Headquartered in India, UPL operates in every continent and we have a customer base in 120 countries with our own subsidiary offices in various countries. Our operations span 28 manufacturing units (13 in India, 7 in Europe, 1 in North America, 4 in Latin America, and 3 in the rest of the world) and each of them boasts of strong support from the on-site technical services and the quality control teams.

At UPL, we are more than just another supplier of crop-protection chemicals. Through our steady investments and our consistent research, we have evolved into a multi-faceted organisation that provides solutions over a broad range of crops across varied types of soils and seasons. Our product portfolio extends from seeds to post-harvest solutions and is aimed at being a one-stop solution provider to farmers. Our global appeal is also strengthened by nearly 5000 product registrations in 120 countries.

### Our Portfolio

Our portfolio is designed to combine all our strengths so that farmers have a single destination in mind that caters to all their needs. In total, we had over 5,934 product registration in our portfolio in FY 2016-17. Our integrated solutions are classified as:

#### Seeds

Our merger with Advanta allows us to cover the entire agri-value chain and engage directly with farmers through the addition of seeds to our portfolio. Advanta's business spectrum covers both field crops as well as vegetable crops. By leveraging traditional breeding principles in addition to modern Dihaploid and Molecular Marker technologies, Advanta is able to achieve significant crop improvements by building value-added biotech traits in the seeds. Our unique, superior and proprietary germplasm as well as intellectual properties have graduated it into a global leader in the development of new hybrids and field crops. We are further enhancing capacities and capabilities through organic investments and strategic acquisitions with the objective of accelerating growth.

#### Crop Protection

Through our specialty start-to-end crop solutions we are able to enhance agricultural viability for farmers. Our commitment to superior product quality helps farmers address their pre-harvest and harvest threats through a balance of the following products:

- Herbicides
- Insecticides
- Fungicides
- Fumigants and Fumigation Technologies

#### Adjacent Technologies

Along with products designed to safeguard and provide a higher yield to the farmers, we are also committed to solving multiple challenges of the farmers through our innovative solutions. These solutions deliver a twofold benefit of environmental protection through reduced water consumption while also ensuring an uninterrupted means of livelihood for the farmers. Our efforts have resulted in developing innovative technologies like:

- Seed treatment through products which provide complete protection against broad spectrum insect attacks.
- Drought mitigation through Zeba, a starch-based granule that absorbs more than 400 times its weight in water thus absorbing water and then releasing it into the soil and to the plants over and over throughout the season, reducing farmer's dependency on water.
- Biopesticides which are biological agents usually applied in a manner similar to chemical pesticides although in an environmentally friendly manner
- Bio-activators & adjuvants which are agricultural sprays that enhance the effectiveness of pesticides and other agents that control or eliminate unwanted pests.
- Crop-nutrition through superior technology that makes it possible to deliver the right nutrient quantity to the plants in the most efficient way.
- Vector control making it possible to counter mosquito infestations and protect communities from vector-borne diseases like malaria, dengue, chikungunya, through our strategic partnership with Clark of USA, who are pioneers in the field of mosquito control and related services.

#### Post-Harvest Solutions

Our post-harvest solutions are designed to enhance the produce of the farmers which eventually translate to increased marketability and profits. Some of the flagship post-harvest solutions are

- QuickPhos™, MagnaPhos™ and QuickPHlo-R™ for grains  
The Phosphine fumigation method has been acknowledged as the most effective in the world over in pest control, saving thousands of tons of grain from destruction. UPL's QuickPhos, coupled with its principal ingredient Aluminium Phosphide, is a solid potent fumigant. MagnaPhos' active ingredient comprises Magnesium Phosphide with the palate of its ammonia-free formulation and fast-gas release being its most popular presentations. The QuickPHlo-R system is ideal in state-of-the-art application technologies and is under patent in most countries.
- DECCO for fruits and vegetables  
Packaging and the transport of perishable commodities like fresh fruit represents an ongoing challenge. DECCO is an effective post-harvest system trusted by farmers and packers the world over across decades. DECCO (DECay Control) produces quality coatings used in fruit and vegetables. These coatings provide an enduring sheen, control shrinkage and dehydration, protecting product quality during longer transportation tenures.

UPL Brands



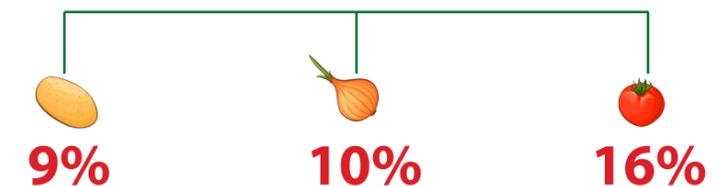
**Zeba – a path-breaking product from UPL**

Zeba has emerged as our latest breakthrough product. Made from natural cornstarch, each Zeba granule works like a sponge, absorbing in excess of 400 times its original weight in water, forming hydrogels that slowly release moisture back to plants as they need it. Zeba also binds and releases water-soluble nutrients, keeping more fertilizer in the root zone where it can be used by plants, thus creating a healthy microenvironment. Because Zeba is made from starch, it degrades in the soil just like plant residues and thus helps in ensuring growth even during droughts. The usage of Zeba has improved potato yields by 9%, tomato yields by 10% and onion yields by 16%.

**Environmentally, Socially, Economically Responsible.**

The effect on microbes, the increased soil aggregation and reduced water leaching combined with the reduction of bulk density allows Zeba to be a true buffer to protect the environment from the impact of modern farming practices.

**Improvement in Vegetable yields**



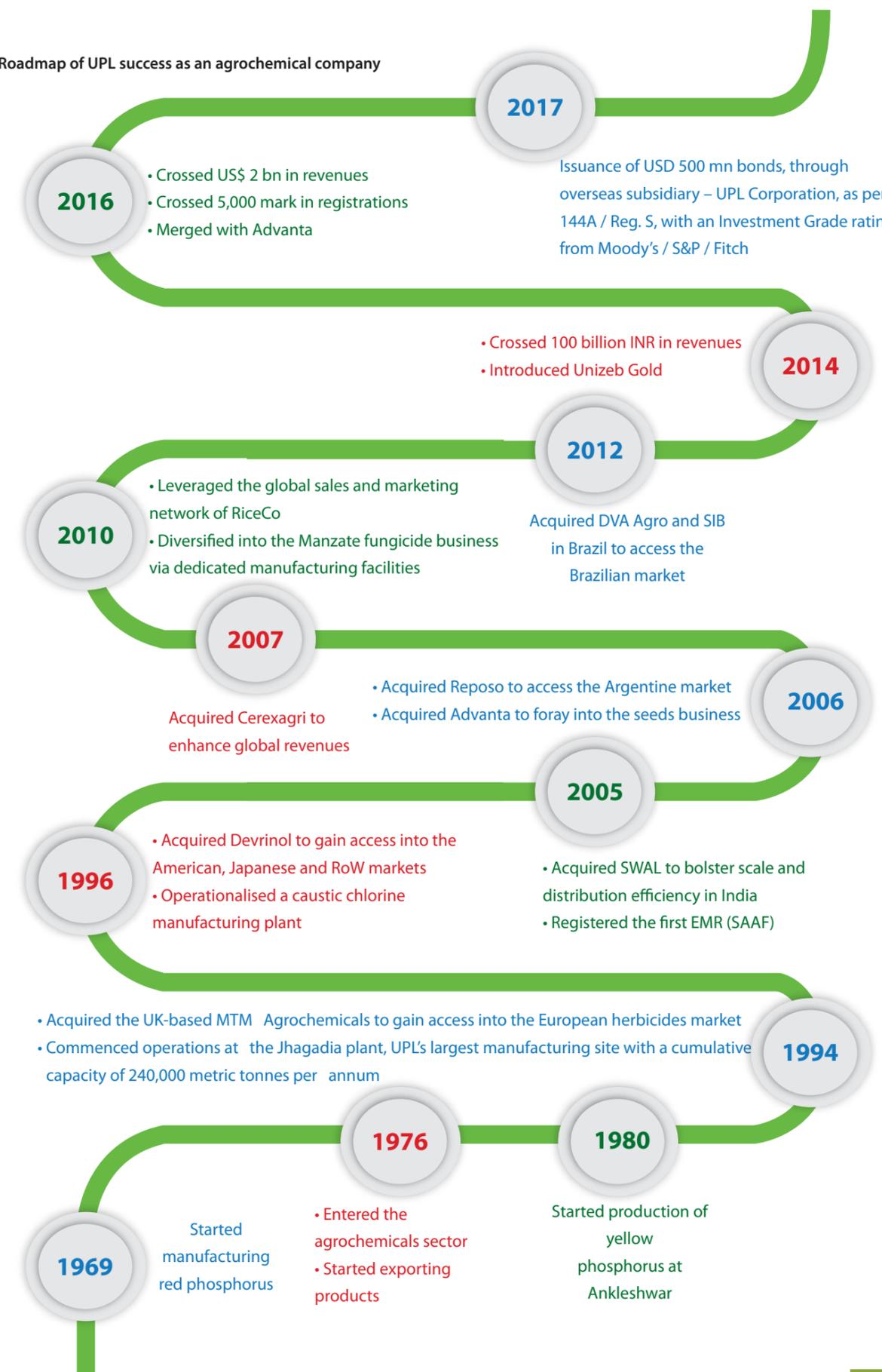


### Our Workplace

Employees are vital for functioning of any organisation. It is important that we create an environment of an engaged workforce. We are involved in manufacturing and development of agrochemicals that needs a workforce with specific skills and knowledge. Employment of young people provides opportunity to train the youth and provides impetus to the growth and development of the country. At UPL, we have a total strength of 3,489 people which includes 153 female workforce as on 31<sup>st</sup> March, 2017. Our contractual workforce comprises of 6,973 people. We

have won the Great Place to Work<sup>®</sup> award in the reporting year. We strongly believes that an engaged workforce is critical in achieving the business goals and building a sustainable organisation.

### Roadmap of UPL success as an agrochemical company





# Corporate Governance

The corporate governance at our organisation goes beyond regulatory and legal requirements and the primary function is to maximise shareholder value. Our corporate governance framework provides the basis for promoting the highest standards of professionalism and business ethics in UPL. Without adopting transparent accounting policies, appropriate disclosure norms, best board practices, and high standards of conduct towards stakeholders, we wouldn't be where we are today.

Our Board of Directors are responsible for creating and delivering sustainable shareholder value by formulating strategies and overseeing its implementation. The Board also ensures that UPL's management achieves the right balance between promoting long-term growth and short-term objectives. Each year the Board undergoes a performance review to assess its performance. Various parameters are considered for evaluation and after receiving the inputs from the Directors, the evaluation is carried out. The parameters include integrity, credibility, expertise and trustworthiness of directors, Board's monitoring of various compliances, laying down and effective implementation of various policies, level of engagement and contribution of the directors, safeguarding the interest of all stakeholders etc. The performance evaluation of the Board as a whole was carried out by the Independent Directors.



## Board of Directors



**Mr R. D. Shroff**  
Chairman & Managing Director



**Mrs. S.R. Shroff**  
Vice Chairman



**Mr. J.R. Shroff**  
Global CEO of the Group



**Mr. V.R. Shroff**  
Executive Director



**Mr. A.C. Ashar**  
Director Finance



**Mr. K. Banerjee**  
Whole-Time Director



**Mr. Pradeep Goyal**  
Independent and Non-Executive Director



**Dr. Reena Ramachandran**  
Independent and Non-Executive Director



**Mr. Pradip Madhavji**  
Independent and Non-Executive Director



**Mr. Vinod Sethi**  
Independent and Non-Executive Director



**Mr. Hardeep Singh**  
Independent and Non-Executive Director

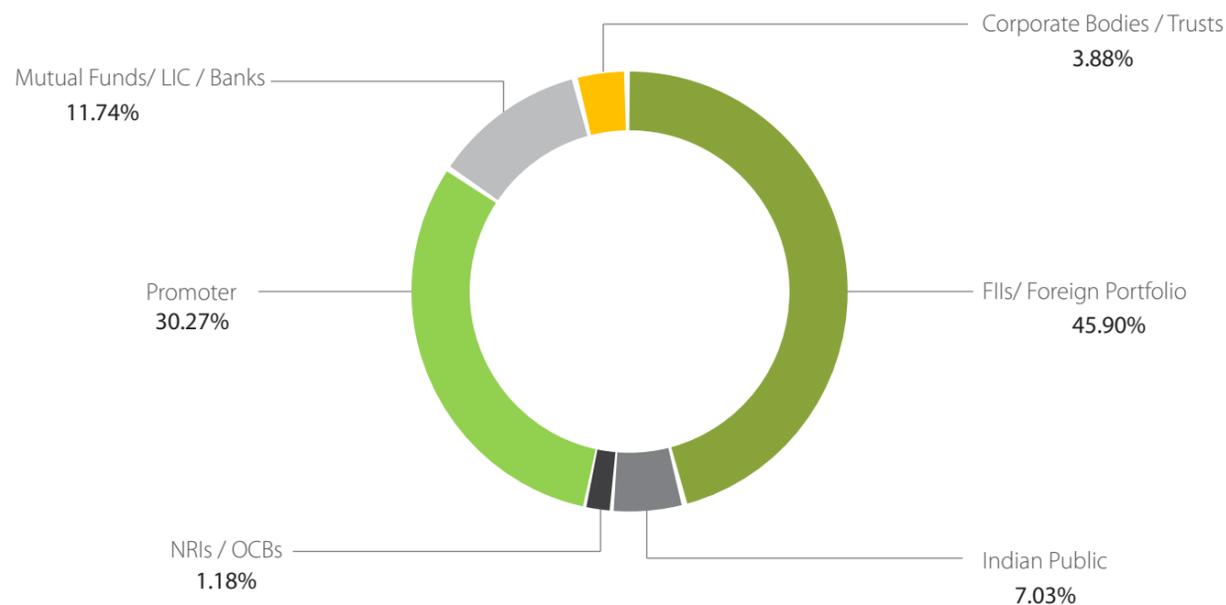


**Mr. Vasant P. Gandhi**  
Independent and Non-Executive Director

### Shareholding Pattern

Category	Number of shares 2016	Number of shares 2017	% Change
Shareholding of promoter and promoter group	127431941	140637731	0.54
Public shareholding	300915213	324018325	-0.48
Shares held by custodians and against which depository receipts have been issued	257120	42361062	-

Shareholding pattern as on March 31, 2017:



### Management Committees

We have constituted management committees under the guidance of the Board members to enable quick decision making in the organisation. The Board delegates certain responsibilities to specific committees who provide expertise and strategic guidance in carrying out the functions while also ensuring there is an

independent oversight of controls and risk management. The Chairman of each committee reports to the Board of Directors with matters discussed at committee meetings.

#### Audit committee

- Overview of our company's financial reporting process and disclosure of financial information to ensure the information is correct, sufficient, and credible.
- Reviewing with the management, the annual financial statements and auditor's report before submission to the board for approval.
- Review of quarterly financial statements before submission to the board for approval.

#### Stakeholders relationship committee

- Redressal of grievances of security holders including complaints related to transfer of shares, non-receipt of balance sheets, and non-receipt of cleared dividends.
- Organise stakeholder meetings to engage and interact with stakeholders.

#### Nomination and remuneration committee

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees
- Formulation of criteria for evaluation of Independent Directors and the Board of Directors
- Identifying qualified candidates for Directorship, who may be appointed to senior management in accordance with the criteria laid down.

#### CSR committee

- Advise on the company's CSR policy and monitor the CSR activities carried out.
- Formulating the 3 year plan which is reviewed every year.



## Policies and Strategy

We have in place the various policies to guide our activities in a fair and transparent manner. The policies are not merely restricted to regulatory requirements but also aims to create a fair and transparent workspace. The ethics and values of our organisation has been considered while formulating the policies. The policies developed encompass various issues from responsible resource utilisation to transparent execution of systems. We believe in practicing the essence of policies with mechanisms developed to check and improve the issues under consideration. At UPL, we have made specific provisions to ensure the processes and systems work in tandem to facilitate the working of the systems. The details of the policies may be obtained from the [website](#). The following is a snapshot of the policies:

### Code of Conduct

The Code of Conduct at UPL is applicable to all the employees and members of the Board. This Code of Conduct & Ethics Policy sets forth legal & ethical standards that apply to all our employees. All employees are expected to follow this code fully and are encouraged to report any non-compliance. The Code of Conduct promotes high standard of honest, ethical and law abiding behaviour.

### Anti-Bribery & Corruption Policy

We are committed to the prevention, detection and deterrence of fraud, bribery and all other corrupt business practices. We endeavour to conduct our business activities with honesty, integrity and the highest possible ethical standards. In view of the nature, scale and geographic range of our activities and protect our reputation, this policy is being implemented globally to check and address the risk of bribery and corruption.

### Child Labour Policy

We along with our subsidiary companies will comply with all relevant and applicable local and international labour regulations, treaties, conventions and principles relating to the protection, welfare and health & safety of children. Furthermore, we will not employ any person deemed by local or international laws, conventions or regulations to be a child in any capacity in any industrial operation under its control.

### Recruitment Policy

Manpower is one of the most important resources as utilisation of other resources depends upon this. A well-motivated workforce will make the organisation effective. In order to achieve optimum utilisation of the workforce it is necessary to diligently deploy manpower in both qualitative and quantitative terms.

### Equal Opportunity Policy

The Equal opportunity policy is applicable to all the employees and all qualified applicants for employment regardless to their race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability.

### Energy Management Policy

We, at UPL are committed to improve energy efficiency continuously by establishing and implementing effective energy management programs worldwide that supports all operations and customer satisfaction while providing a safe and sustainable environment.



### Health Safety and Environment Policy

The Management of our company is committed to safeguard the Health, Safety & Environment for all by minimising adverse effect due to its activities. We have implemented Responsible Care initiative and the management is committed to continual improvement in HSE by carrying out risk assessment of its activities including proactive safety risk assessment with involvement of its employees and take proactive actions for pollution prevention.

### UPL Sustainable Development Plan

As per the "Agenda 2030" adopted by the United Nations (UN), 17 Sustainable Development Goals (SDGs) were taken up in September 2015. These goals focus on issues such as hunger, inequality, climate change, poverty and numerous others. At UPL, we are fully committed to achieve the UN Sustainable Development Goals. This year company has formulated "UPL Sustainable Development Plan" to reduce environmental footprint and align it with UN Sustainable Development Goals.

### CSR Policy

We, along with our subsidiaries (together constituting the UPL Group), take initiative to contribute to harmonious and sustainable development of the society through all our business activities that we carry out in various countries across the globe. We recognise that business enterprises are economic organs of society that draw on various societal resources for its functioning and growth, It is our core belief therefore that our performance must be measured not only by its bottom line but also with respect to the social contributions made by us while achieving our financial goals. We have identified in detail, various policies and procedures for conduct of the business to safeguard the assets of our Company, maintenance of accurate and complete accounting records, making available from time to time management information and prevention.

### Risk Management

Our Risk Management Framework is essential in identifying and evaluating various risks that our business faces which helps in developing strategies for their mitigation. Our framework is aimed at evaluating, managing and optimising the uncertainties and threats that may arise in relation to our business objectives. It also ensures adequate controls are in place to be able to respond to any changes in business environment. By identifying and proactively addressing risks and opportunities, we strive to protect and create value for our stakeholders, including shareholders, employees, customers, regulators, and society. Some of the major risks identified by our framework are:

#### Industry Risk - Wide product portfolio

Industry risks might slow growth and lead to inventory pile-up. We are present in 130+ countries thanks to a wide product portfolio. Access to multiple crop segments enables us to de-risk itself from any regional and crop-specific slowdown. With food demand rising across the world, reducing crop loss is necessary. At a time when the overall crop protection industry de-grew by 2.5%, UPL registered a revenue growth of 17%.

#### Competition risk - Bringing better products to market

Increased competition might affect our revenues. Our product portfolio enhances its ability to address the different needs of customers in the competitive crop protection market. Access to cutting-edge technology increases our productivity and reduces operational costs. At a time when most players reported flattish or lack of growth, we increased our revenues by 17%.

#### Liquidity Risk - Making every penny count

Liquidity risk could impact the debt repayment capabilities of our Company. We ensure the business has adequate liquidity. Cash profit improved from Rs 1,792 crore in FY 2016 to Rs 2,594 crore in FY 2017. Our net working capital days stood at 90 days of turnover equivalent in FY 2017 (102 days in FY 2016). Interest cover stood at a high of 6.82x in FY2016-17.

#### R&D Risk- Innovation guiding us through

Quality inconsistencies might lead to a decline in the demand for our products. At UPL, the R&D-driven product innovation has helped us launch new products in sync with market needs. In the last three years, we have launched 240 new products and filed 195 patents, reinforcing its position as an industry leader.



#### Marketing risk

Inability to market the products effectively could have an impact on the growth of our company. We widened its reach by setting up manufacturing base near large markets and analysed grassroots realities to strengthen demand forecasting. Our company has strengthened its branding and marketing prowess to enhance user confidence. We commissioned 11 Unimart stores across India to market agricultural inputs, provide knowhow and catalyse productivity. Our products are being better recognised across the world.

#### HR Risk

A poor HR policy could impact on the productivity of our Company. Our HR strategy has fostered cross-functional coordination across 40+ countries. Today, we employ more than 5,714 professionals from 36 countries in formal and informal training. We were certified as a 'Great Place to Work' in Brazil and India.



### Our Approach

The process of stakeholder engagement begins with identifying each stakeholder groups. There are different ways UPL engages with its stakeholders. It depends on the convenience of each stakeholder group and the organisation's capacity to engage with them. The appropriate frequency of stakeholder engagement is selected, communicated and agreed with each stakeholder group.

We conduct various events internally and externally that gives the company an opportunity to engage with stakeholders. Various tools and mechanisms are used to gain insights about the perception of each stakeholder group. The feedback is collected and the issues of stakeholders is prioritised. UPL also develops strategies to address the concerns of stakeholders with relevant channels of feedback.

Since this is our first sustainability report, for the purpose of identifying material issues, we have chosen to engage with only our internal stakeholders, the employees as well as the senior management. In the coming years, however, we plan to expand our engagement to a broader set of stakeholders like suppliers, distributors, and communities etc.

Consistent dialogue with stakeholders can help us identify emerging risks and assess opportunities. At UPL, we interact with a wide range of stakeholders formally and informally. These interactions are crucial enabling us to respond effectively to various challenges which affect us all. We have identified key stakeholder groups with whom we interact to discuss common solutions through strategic dialogue. Engaging with these stakeholders helps us to establish good lines of communication and maintain a constructive relationship with them.

we understand that responding to our stakeholder's concerns is paramount to our long-term success. We embrace diverse thinking and collaboration in our sustainability efforts to grow our business which translates to greater customer experiences. Keeping this in mind, we endeavour to engage with our stakeholders through a variety of methods to identify and understand their issues.

Our company has adopted a defined process for engaging with our key stakeholders. We commit to align our business objectives in line with our stakeholders expectations. We collect feedback from them through meetings and discussions which help is gain more insights about their issues and concerns. These issues are then compiled for each operations and corrective actions are plan accordingly.



**Stakeholder Consultation Process**

We have created a robust approach to engage with our stakeholders which is based on trust, transparency and accountability. On-going dialogue with our stakeholders is the primary mechanism we use to understand our stakeholders' areas of concern. Demonstrated below are our key stakeholder group, the primary mechanisms that we use to engage with them, and their key concerns.

Stakeholder group	Mode of engagement	Frequency of engagement	Key concerns
<b>Employees</b>	<ul style="list-style-type: none"> <li>Performance management system</li> <li>Grievance redressal mechanisms</li> <li>Magic- Employee Engagement framework</li> <li>Praise- Reward and Recognition framework</li> <li>Leadership academy-training and development framework</li> <li>Communication channels- Newsletters, Open house, safety communications, shift communications etc.</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Quarterly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Zero tolerance to environment infringements</li> <li>Product Quality &amp; Safety</li> <li>Skill upgradation as continuous approach</li> <li>Ensuring high morale of employees through continuous engagement and communication</li> <li>Energy efficiency in manufacturing facilities</li> <li>Knowledge management</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Marketing activities</li> <li>Brochures and notifications</li> <li>Satisfaction surveys</li> <li>Complaint mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>On-going basis</li> </ul>	<ul style="list-style-type: none"> <li>Product quality</li> <li>Safety of product</li> <li>Demonstration and information on usage of product.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supplier meets</li> <li>Training programs</li> <li>UPL events and activities</li> <li>Workshops</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Long term business commitments</li> <li>Economic scenario with respect to pesticide industry</li> </ul>
<b>Regulatory bodies</b>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Official communications</li> </ul>	<ul style="list-style-type: none"> <li>Regular basis</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to policies and regulations</li> <li>Sustained and continuous efforts in ensuring safe working environment and workplace.</li> </ul>



Stakeholder group	Mode of engagement	Frequency of engagement	Key concerns
<b>Investors/Shareholders</b>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Investor meets</li> <li>Annual General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Need based</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Governance Practices</li> <li>Financial Performance</li> <li>Business Growth and Strategy</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>Visits</li> <li>Meetings</li> <li>Need assessments</li> <li>Impact assessments</li> <li>CSR Teams/Volunteers</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> <li>On-going basis</li> </ul>	<ul style="list-style-type: none"> <li>Agriculture Development</li> <li>Employability &amp; Entrepreneurship</li> <li>Education &amp; Empowerment</li> <li>Environment &amp; Nature Conservation</li> <li>Health &amp; Sanitation</li> <li>National &amp; Local Area needs</li> </ul>

**Stakeholder Engagement Initiatives**



**UPL's Business Partners Meet**

One of the most important initiatives taken by us to drive our growth globally is the UPL's Business Partners Meet. It is held regularly wherever we operate. As the most important drivers of our business are together at the same table, growth plans, problem resolutions and innovative ideas are focused on during these meetings.



**Adarsh Farm Services**

In the business of farming, the challenge lies not only in educating farmers on the benefits of pest control; the challenge also lies in introducing them to superior spraying technologies. UPL's Adarsh Farm Services offer mechanised field spraying services resulting in time and cost savings. This initiative, which extends technology use to marginal farmers, helps reduce labor costs and pest damage following scientific and uniform spraying coupled with accurate dosage application.



**UniMart**

More than the focus on what to grow the farmers need the right advice to maximise its farm productivity. Recognising this need we launched the unique concept of Unimart, a chain of farm advisory & solution centers in India and Africa. Unimart is a one-stop solution center for all farm requirements that provides expert advice, quality products and necessary guidance to enhance farming practices. The result of this far-reaching initiative has been an attractive increase in income per acre of crop produce translating into an improved standard of living across regions.



**Adarsh Kisan Centre**

There is a need for superior and timely advice in the farming business. In response to this evident need, UPL launched Adarsh Kisan Center, a remote digital advisory call center for farmers in India. This unique helpline resolves crop-related farmer queries / concerns / issues. The call centre comprises query handlers conversant in all major Indian languages and English. This UPL service has emerged as a convenient problem-solver.



# Our Materiality Assessment Process

Materiality assessment is an essential element for our sustainability strategy, setting of goals and risk management process. We consider the economic, environmental and social impacts most significant to our business, and those that substantively influence the assessments and decisions of stakeholders.

We conducted a materiality assessment aimed at identifying sustainability challenges and opportunities across the business operations. Materiality has been the foundation for defining the course of action, and therefore a structured approach and methodology was adopted for internal assessment of material issues in order to identify important topics.

The materiality assessment conducted by us defines a spectrum of sustainability issues that reflect the concerns of our stakeholders. We carried out the materiality assessment to communicate transparently the emerging sustainability issues, set goals and targets and identify reporting priorities.

**Materiality assessment is done to identify key sustainability issues across business operations, set goals and track the progress**

## Approach for Materiality

### Prioritisation of Material Topics

- Interaction with functional heads and senior management representatives in the organisation
- Collect inputs from internal as well as external stakeholders

STEP 3

STEP 2

### Assessment of Material Topics

Material Topics were shortlisted based on the significance of the organisation's economic, environmental, and social impacts and substantive influence on the assessments and decisions of stakeholders

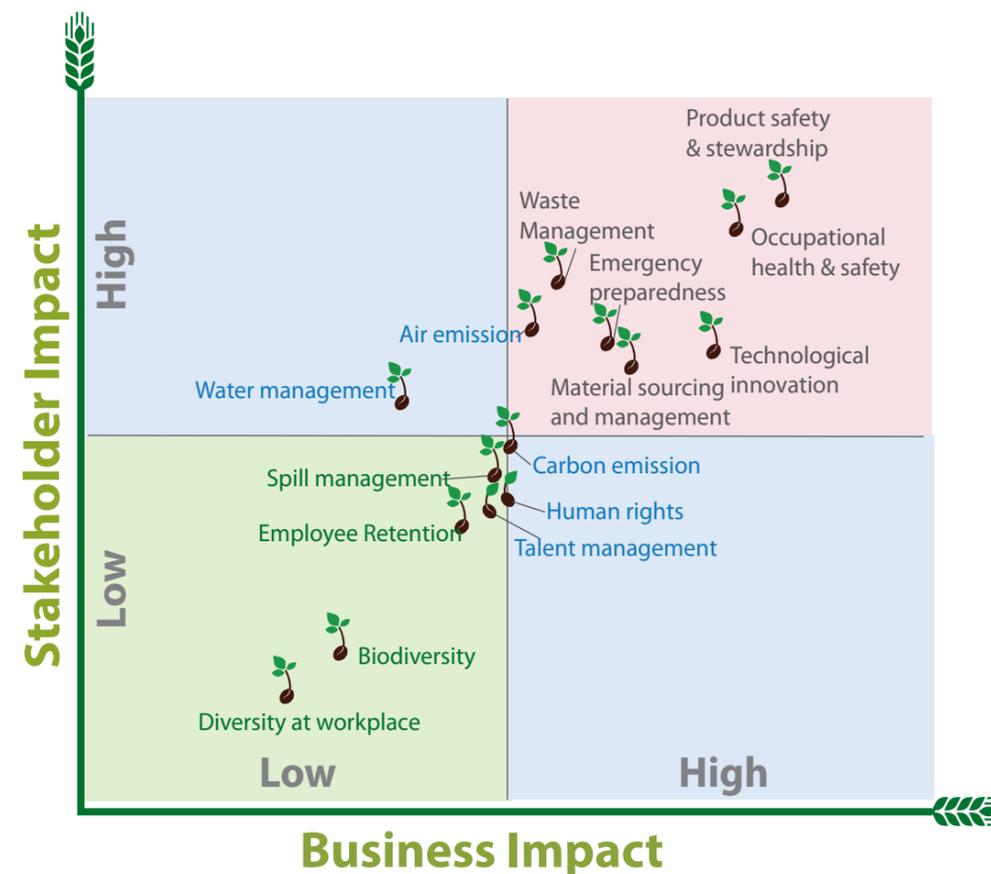
### Identification of Material Topics

- Materials topics were shortlisted pertinent to agro chemical companies
- Sustainability topics in line with the company's strategy and vision
- Identification of the topics based on risks and opportunities at an organisational level

STEP 1

## Materiality Matrix

The key material issues identified and prioritised based on the assessment conducted are given below:



- Product safety & stewardship
- Occupational health & safety
- Waste management
- Air emissions
- Emergency preparedness
- Technological innovations
- Material sourcing and management
- Water management
- Carbon emissions
- Spill management

**Materiality Aspect Mapping**

Based on the identified material topics, we have developed this report to cover the set of topics which are most pertinent to our business and operations.

The list of issues are covered in the Material topics and Aspect table:

Key Material Topics	Material Aspects	Boundary	Comments
<b>Product Safety and Stewardship</b>	Customer Health & Safety	External	We have been involved in manufacturing agro chemicals and related solutions, hence handle a large volume of hazardous chemicals in our process operations. At UPL, product safety and stewardship is an important material aspect as the development, production, distribution and end life cycle of the product plays an important role. As most of the other businesses, our business is not completely free from competition. Therefore, the key differentiator in our business is the way our products deliver against the expectations of our customers.
	Product and Service Labeling	External	
<b>Occupational Health and Safety</b>	Occupational Health and Safety	Internal	Ensuring high standards of compliance and safety is one of the essential elements of the core value. We deal with challenges of chemical hazards and occupational health and safety. We have manufacturing locations spread across the globe with different operational Health & Safety compliance requirements. At UPL, we strive to perform in a way that ensures operational health & safety not only meets the regulations but accounts for the complexities of our business.
	Training and Education	Internal	
<b>Waste Management</b>	Effluents and Waste	External	Effective waste management becomes essential considering economic as well as environmental outlook. As a responsible corporate, we are conscious and consider to reduce our environmental footprint. We undertake various initiatives for reduction in waste generation. In line with its eco-friendly identity, UPL has minimised waste generation and achieved zero-discharge across majority of its manufacturing locations.
<b>Air Emissions</b>	Emissions	Internal & External	Reduction of emissions is critical to any organisation as they have an impact on climate change and air quality. Regular monitoring and measurement of stack emissions is done beyond regulatory requirements. Numerous initiatives are implemented to reduce the SO <sub>x</sub> , NO <sub>x</sub> emissions in order to provide safer and better environment.
<b>Technological Innovations</b>	Non-GRI Aspect	Internal	The business is a part of competitive environment and UPL differentiates itself from competition by providing new product solutions for industry. The positioning of new products in the ever evolving context of business is vital for the growth of our company. The Company has 5,934 products registered in 130+ countries in the reporting year and has been registering more products year on year. Technological innovation becomes a significant issue for the growth of business and thus, becomes important for stakeholders.

Key Material Issue	Material Topics	Boundary	Comments
<b>Material Sourcing and Management</b>	Materials	Internal	We are associated with many suppliers for sourcing of various materials required to continue with our business activities. Material sourcing and management is an important aspect, not only for controlling cost but meeting with the compliance obligations. Building a strong sourcing management ensures reliable supplies that helps our operations to meet the market demand.
	Procurement Practices	Internal	
<b>Water Management</b>	Water	Internal	Sustainable industrial water management plays a vital role in achieving future water security in a world where water stress will increase. The optimum utilisation of all natural resources is an integral part of UPL's commitment to sustainable development. Water being a significant natural resource is an important issue for UPL. All measures to reduce water usage are implemented and water sources are metered and monitored regularly.
	Effluents and Waste	Internal	
<b>Carbon Emissions</b>	Emissions	Internal & External	Greenhouse gases trap heat and make the planet warmer. Human activities are responsible for almost all of the increase in greenhouse gases in the atmosphere. Climate change due to greenhouse gas emissions will have a growing impact on our business. We have undertaken various initiatives to reduce carbon emissions by incorporating several energy efficient practices.
<b>Spill Management</b>	Effluents and Waste	Internal	The agro chemical business involves using and transporting of large volume of chemicals during the operational activities. Hence, spill management becomes an imperative aspect. Various country specific compliance issues also play a vital role in management and handling of chemicals. To minimise the impacts we have undertaken a few initiatives such as developing spill management procedures and trainings which help us in well-organised spill management.
	Compliance	Internal	
<b>Emergency Preparedness</b>	*Non GRI Aspect	Internal & External	We have deployed Emergency Response Team (ERT) across manufacturing units attended to incidents not only in factories but also neighbouring areas. There were nearly 20-25 people in each factory in the ERT.



# UN Sustainable Development Goals

In September 2015, more than 190 countries signed up to the [UN Global Goals for Sustainable Development](#) (Global Goals), which set out a vision for ending poverty, hunger, inequality and protecting the Earth's natural resources by 2030. We are a signatory to the World Business Council on Sustainable Development which focusses our commitment for implementing sustainable initiatives based on globally agreed agenda.

The 2030 Agenda for Sustainable development provide a good opportunity for businesses to align their strategic goals with globally agreed sustainability principles. UPL also aims to align its goals to the global targets for Sustainable Development and the SDG's. The following table depicts the linkage of our activities/initiatives to the sustainable development goals:

Sustainable Development Goals	Our Contribution
 <b>Goal 1: No Poverty</b>	Agriculture Development Farmer First Adarsh Farm services
 <b>Goal 2: Zero Hunger</b>	Agriculture Development Adarsh Farm services Unimart Stores Zeba – a path-breaking product from UPL Total Crop protection solution products

Sustainable Development Goals	Our Contribution
 <b>Goal 3 : Good Health and well Being</b>	Health and Sanitation programme through CSR
 <b>Goal 4: Quality Education</b>	<ul style="list-style-type: none"> <li>Education and Empowerment</li> <li>Gnyan Dham Trust &amp; S R Shroff Ajivika Trust</li> <li>Shroff S R Rotary Institute of Chemical Technology, Ankleshwar, Gujarat (Engineering Collage) (SRICT)</li> <li>GIDC Rajju Shroff ROFEL institute of Management Studies, Vapi, Gujarat (Management Institute)</li> <li>Sandra Shroff ROFEL Collage of Nursing, Vapi, Gujarat</li> <li>Farmer training school, Vapi</li> <li>India Indeed UPL CSR episode by India Today</li> </ul>
 <b>Goal 5: Gender Equality</b>	<ul style="list-style-type: none"> <li>Equal Opportunity Policy</li> </ul>
 <b>Goal 6: Clean Water and Sanitation</b>	<ul style="list-style-type: none"> <li>Swachh Bharat Abhyan through CSR</li> </ul>
 <b>Goal 7: Affordable and clean energy</b>	<ul style="list-style-type: none"> <li>UPL Sustainable Development Plan to promote clean energy</li> </ul>
 <b>Goal 8: Decent Work and Economic Growth</b>	<ul style="list-style-type: none"> <li>Employability and Entrepreneurship</li> <li>UPL Niyojaniy Kendra</li> </ul>
 <b>Goal 9: Industry Innovation and Infrastructure</b>	<ul style="list-style-type: none"> <li>Maxpro</li> <li>Research and Development</li> </ul>
 <b>Goal 10: Reduced Inequalities</b>	<ul style="list-style-type: none"> <li>Enhancing income of farmers</li> <li>Employment generation</li> </ul>
 <b>Goal 11: Sustainable Cities and Communities</b>	<ul style="list-style-type: none"> <li>CSR activities</li> </ul>
 <b>Goal 12: Responsible Consumption and Production</b>	<ul style="list-style-type: none"> <li>UPL in-house improvement cells: Green Cell, Maxpro, Maxpro+, Energy Cell and R&amp;D</li> </ul>
 <b>Goal 13: Climate Action</b>	<ul style="list-style-type: none"> <li>UPL Sustainable Development Plan</li> <li>UPL Vasudha Project</li> </ul>
 <b>Goal 14: Life Below water</b>	<ul style="list-style-type: none"> <li>Wastewater Treatment Plant</li> <li>Zero Liquid Discharge</li> <li>UPL Sustainable Development Plan</li> </ul>
 <b>Goal 15: Life on Land</b>	<ul style="list-style-type: none"> <li>Wetlands and Sarus Crane Project</li> <li>UPL Sustainable Development Plan</li> </ul>
 <b>Goal 16: Peace, Justice and strong Institution</b>	<ul style="list-style-type: none"> <li>Great Place to Work</li> </ul>
 <b>Goal 17: Partnership for Goal</b>	<ul style="list-style-type: none"> <li>Member of Responsible Care</li> <li>Member of CII</li> <li>Member of World Business Council for Sustainable Development</li> <li>Member of FICCI</li> </ul>

# Awards and Accolades

## Manufacturing

- Received the IIRIM – India Green Manufacturing Challenge Award 2016 under the Silver and Special award category
- Awarded India Manufacturing Excellence Gold Award under the process sector and large business category.
- Received Silver medal for National Awards for Manufacturing Effectiveness by International Research Institute for Manufacturing (IRIM), Chennai.
- Received Certificate of Merit under Frost and Sullivan Project Evaluation & Recognition program for project “Automatic Crusher System”
- Received Certificate of Merit from Frost and Sullivan for India Manufacturing Excellence Awards 2016.
- Received Gold award for India Green Manufacturing Challenge [IGMC] by International Research Institute for Manufacturing (IRIM), Chennai
- Received Gold award for ACCQC - 2016 GOLD award by QCFI [Quality Circle Forum of India] agency
- Received National Award for competitiveness 2016-17 [NAMC].



## Business

- Received award from National Business Success Award Institute
- Received award from Exame Magazine
- Received award from Icontec.



## Energy Conservation & Environment

- Received FICCI Chemicals & Petrochemicals Award 2015 for efficiency in energy usage.
- Received National Energy Conservation Award 2016 from BEE Ministry of Power.
- Received silver medal India Green Manufacturing Challenge from International Research Institute for Manufacturing (IRIM), Chennai
- Received Vietnam Association of Environmental Economics Award.



## Safety

- Received Golden Peacock award for safety by Institute of Directors.
- Received award from Occupational Safety and Health Association India.
- Received Suraksha Puraskar NSCI Safety Awards-2016 (MSME Sector).
- Received silver EKDKN (Ek Kam Desh Ke Naam) Exceed Award 2017.

## People

Epoca Magzin





# Environment & Product Stewardship

**41** - Environmental Performance & Technological Innovations

**51** - UPL Sustainable Development Plan

**55** - Product Safety and Stewardship

# WELCOME TO UPL NURSERY

## Environmental Performance & Technological Innovations

UPL Sustainable Development Plan to reduce **30%** environmental footprint by 2020.

### Green Cell

Dedicated green cell to improve environmental management system.

### Environmental compliance

beyond regulatory requirements.

### ISO 14001:2004

Certification for manufacturing locations.

### Management Approach

At UPL, we believe that environment sustainability is well-evolved and deeply rooted. We are constantly working to reduce environmental footprint and find innovative product solutions that benefit the environment. We recognise that the commitment to sustainability is a journey rather than a destination. As much as our customer and stakeholder interests change, the natural environment itself is also changing around us and our operations need to evolve with it. Environmental care has been a core philosophy for us since our inception and is an integrated part of our daily business across the value chain. The nature of our industry is such that it is heavily reliant on an important natural resource like water. Growing irregularities in weather patterns have led to farmers losing out on potential yield and income. Rather than discouraging us, this in fact motivates us to innovate and strive even harder to develop products that will not only serve our business purpose but help our customers while also saving precious resources like water, thus contributing to a green future. At all units, green belts are developed and are being maintained. We are working to further improve energy efficiency and to reduce emissions in all aspects of our business, with particular focus on the use of our products. Our goal is that our organisation be ranked as a leader in environmental care within our industry. To achieve this goal, we have prepared a Sustainable Development Plan which depicts our commitment for continuous improvement, technical development and efficient resource utilisation.

### Achievements

#### Emission

**22%↓** CO<sub>2</sub>  
Reduction in CO<sub>2</sub> emission  
in FY 2016-17



Planting  
**81 Lakh**  
Large trees

#### Water Consumption

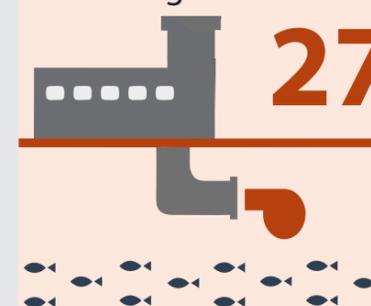
**19%**  
Reduction in water  
consumption in FY 2016-17



Providing drinking water  
**3 Lakh**  
people for 1 year

#### Waste Water Discharge

Reduction in waste water  
discharge in FY 2016-17  
**27%**



Safeguarding public  
**Health**  
and negative environmental  
impact

## Energy Management and Carbon Emissions

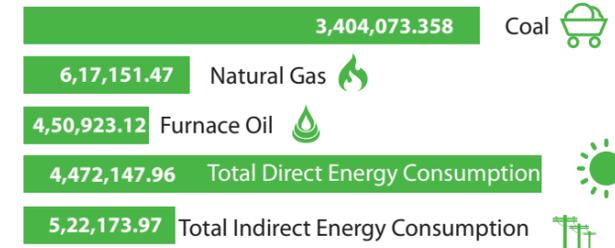
In the event of adversities caused by global warming, we believe energy management is a way to mitigate this issue. We employ strategies that ensures a better energy intensity. We aim to reduce energy consumption with efficient equipment and conservation initiatives. We acknowledge the need of reducing the energy usage by means of various strategies. The two strategies adopted by UPL are changing the energy mix and by reducing specific energy consumption. We decided to utilise specific energy for a particular use to optimise on available energy resources in the reporting year. We were able to reduce energy by changing the energy mix by 8%. At UPL, we also promote efficient technologies in our operations to reduce specific energy consumption. It is evident that we will grow our production to meet the demand of farmers which will result in more energy consumption. In spite of this we reduced specific energy consumption by 9% in the reporting year. We are consistently working to mitigate the physical impacts of climate change and actively encourage the use of low-emission technologies.

A total of INR 11.86 Crores was invested into installation of energy efficient equipment. All future projects are being evaluated and approved based on the lowest energy and carbon foot print.

### Initiatives for Energy conservation in FY 2016-17:

<p><b>1</b> Innovative Mechanical Vapor Recompression system (MVR) for concentration RO Reject, Zero liquid discharge (ZLD). Some of our active ingredients manufacturing facilities achieved zero liquid discharge (ZLD) status. This is in addition to all the formulation facilities which have been operating as zero liquid discharge units.</p>	<p><b>2</b> The central energy conservation cell, which has been in operation, has consistently used Pinch Technology to achieve major energy savings over the last 12 months. As a result, we were able to use waste heat, thereby leading to natural gas and water savings.</p>	<p><b>3</b> Usage of Innovative in-line condenser cleaning system to sustain and improve Heat transfer coefficient.</p>	<p><b>4</b> New 'Heat Pipe' technology for low grade heat recovery for Process air preheating.</p>
<p><b>5</b> Energy Conservation through reducing Refrigeration power by 12% by reducing condensing temperatures.</p>	<p><b>6</b> Installation of dry vacuum pumps in place of once through lubricated vacuum pumps, leading to benefits such as energy savings and more efficient solvent recovery. Consequently, this also lead to elimination of waste oil incineration.</p>	<p><b>7</b> Usage of ambient cooling in place of energy inefficient chilled fluids.</p>	<p><b>8</b> Energy conservation by utilising Natural Gravity Head instead of pumps.</p>
			<p><b>9</b> Power saving by installing energy efficient screw air compressor in place of reciprocating air compressor, along with waste heat recovery from lube oil. This measure has eliminated "Cooling tower" operation and saving precious water and associated power.</p>

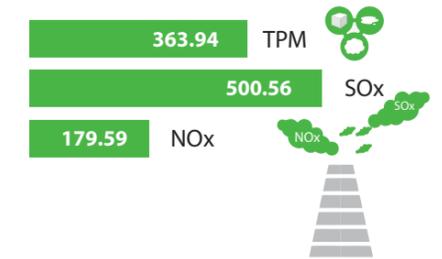
### Energy Management (All units in GJ)



### Carbon Emissions (All units in TCO<sub>2</sub>e)



### Other Air Emissions (All units in tons)



#### CASE STUDY 1

##### Production capacity enhancement and reduction in power using evaporative condenser at Ammonia recovery plant.

Ammonia vapor coming from ammonia distillation column was condensed in surface condenser wherein cooling water was being circulated. A dedicated cooling tower and water circulation pump were in operation. Due to the lime handling activities in plant, lime fines get mixed in circulating water and finally settled heat exchanger. Every week surface condenser had to be cleaned and fouling was suppose to be, otherwise it was resulted in increased operating pressure at ammonia column. There was stoppage of ammonia recovery during condenser cleaning activities.

##### The Outcome

Surface condenser, cooling tower and circulation pump were replaced with evaporative condenser. Evaporative condenser was installed at 10 meter height from the ground which reduced chances of lime fines getting in cooling water. After installation of evaporator condenser cleaning was avoided. Distillation column pressure is also being maintained a below set point which has resulted in increased feed rate and relative ammonia recovery has increased. Total power saved was 65 Kw and production increased by 15%.

#### CASE STUDY 3

##### Dry Vacuum pump in place of oil ring vacuum pump

Seven units of lubricated (OTL) vacuum were replaced with dry vacuum pump. Earlier the solvent recovery was being done from waste oil, which requires steam energy and incineration at the cost of waste oil. With the use of dry vacuum pump, process of solvent extraction is avoided which benefits in steam and solvent recovery. The power consumption of dry vacuum system is lowered by 30% of oil ring vacuum pump.

#### CASE STUDY 2

##### Mechanical vapor recompression system for increasing concentration of RO reject

The unit has installed RO System with 200 KL / Day capacity to recycle effluent and become Zero Discharge Unit since May 2014. With the use of RO system RO reject of 10000 ppm of 15-20 KLD starts generating, RO Reject was evaporated through batch evaporator. The steam consumption for evaporation was 16-22 MT per day. To reduce the cost of evaporation mechanical vapor re-compressor system was installed.

##### The Outcome

With MVR we have increased concentration of RO reject from 1% to 15%, with water recovery higher than 90% and thus reducing energy cost by more than 90% in comparison with batch evaporation. MEE for this volume was not economical.

#### CASE STUDY 4

##### Conversion of Four stage traditional steam ejectors to energy efficient hybrid vacuum system (2 stage steam and Water ring Pump)

Traditional 4 stage steam ejector system was upgraded to an energy efficient compact hybrid system which helped to reduce steam consumption by 70%. New design involves 2 stage steam ejector and water ring pump arrangement. This reduced the operating cost of vacuum generation and evacuation time at the start of operation also reduced by 50%.

### Water management

Sustainable industrial water management plays a vital role in achieving future water security in a world where water stress will increase. The optimum utilisation of all natural resources is an integral part of UPL's commitment to sustainable development.

Water use across various sectors in India is rapidly increasing. It is estimated that water demand for agriculture, industrial and domestic uses in the coming decades will only be on the rise. In such a scenario it becomes imperative for us as an organisation to ensure that we take every measure possible to manage our usage, limit our wastage and conserve water to the maximum extent possible.

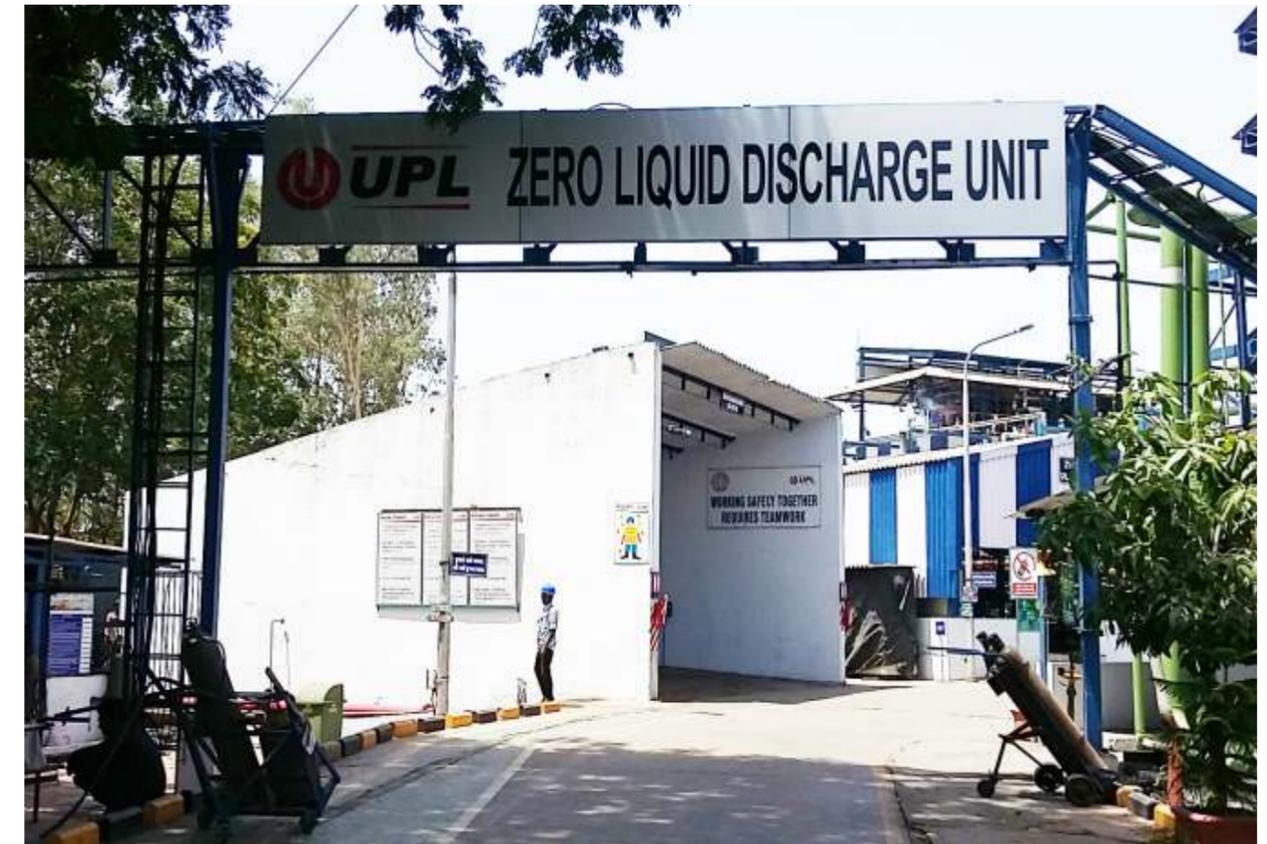
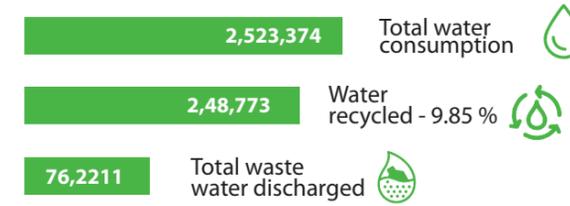
We are committed to minimising our water footprint and reducing the freshwater consumption by reusing as much water as possible in our processes, through initiatives like rainwater-harvesting and waste-water treatment. We are compliant with all local and national laws related to effluent discharge. Our environmental focus gets highlighted by being zero discharge across several of our plants.

#### Initiatives for Water conservation in FY 2016-17:

- 1**  Reduced 19% specific water consumption and 27% specific wastewater discharge by operational excellency.
- 2**  Achieved Zero Liquid Discharge (ZLD) in our Unit 04 at Halol by implementing world class effluent reuse & recycling system.
- 3**  Completed piloting of Scaleban technology to reuse treated wastewater into cooling towers. This will reduce cooling water demand and decrease treated wastewater discharge in our operating plants.
- 4**  Developed controlled discharge facilities at Unit 05 for effective surface runoff management.
- 5**  Installation of 3D-Trasar for automatic chemical dosing and blowdown of cooling towers under approval process.
- 6**  Reduction of effluent discharge in our Unit 05 at Jhagadia by way of segregation and better recycling of different effluent streams. This is expected to result in better effluent management especially during the monsoon seasons.
- 7**  Adopted new technologies which use continuous manufacturing processes as against the current batch mode of manufacturing reactions. This not only reduces the footprint and consequent capex spends of the plant but also results in significant reduction in the quantity of effluent generated.
- 8**  Completed piloting of volute technology for efficient dewatering of sludge. This will help us in efficient management of sludge generated from our wastewater treatment plants.

#### Performance Date

Water Consumption (All units in KL)



### Waste Management

Our minimum requirements in our manufacturing units and our offices include sorting all the waste generated at source, implementing measures to reduce the quantity of waste generated and increasing recycling of material. All this is done with the aim of reducing the quantity of waste consigned to landfill. We have taken special care to reduce, recycle and eliminate hazardous as well as non-hazardous solid waste.

#### Initiatives for Waste minimisation in FY 2016-17:

- 1** Reduced 6 % specific waste disposal from our operating plants by operational excellency.
- 2** Reduced waste from packaging process by improvement in packing material
- 3** Implemented waste segregation practices for efficient waste management
- 4** Implemented the practices of 4R (reduce, recycle, reuse, reprocess) concept in Hazardous waste management
- 5** Recovered value added products from waste.
- 6** Laboratory facility to monitor and control the wastewater, air pollution and hazardous waste.

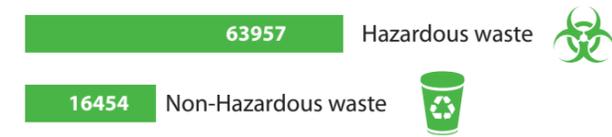
### Spill Management

We undertake adequate measures to prevent spills during the operational activities. We have developed a spill clean-up procedure for our manufacturing locations which aim to minimise impact on ecosystems leading to exigencies. There have not been any significant spills at our facilities during FY 2016-17.

- 6% reduction in specific waste disposal
- Implemented 4R Practice
- No significant spills during FY 2016-17

### Performance Date

Waste Management (All units in Tonnes)



### Environmental Governance

Our endeavour for environmental friendly production is reflected from one of our core values "Nurturing the Environment". We ensure high standards of compliance and sustainable environmental practices which are the essential elements of our core value. We recognise environmental impacts associated with our operations at our manufacturing locations. We have implemented a structured risk management system for early-stage identification, understanding and mitigation of environmental impact. We have developed an environmental policy applicable to group, joint ventures, suppliers, vendors & contractors. We are committed to safeguard environment for all by minimising the adverse effects arising out of industrial chemical and agrochemical manufacture as well as marketing these products from one location to another.

We have a dedicated Green Cell which addresses environment issues across manufacturing units. The Green Cell consists of group of engineers and researchers who are headed by senior level directors to conduct research and solutions related to waste management, decrease in carbon emissions, solid waste management etc. Environmental Management System ISO 14000:2004 certification has been implemented across manufacturing units

### Environmental Governance

We are vigilant and considerate towards minimising the impacts of our operations on the environment. We achieve compliances to the regulatory norms. We ensure all our facilities are equipped with the latest pollution abatement and environment protection equipment as prescribed by the Central Board of Pollution Control (CPCB). Our environment compliance is at levels higher than what is recommended by statutory bodies. During FY 2016-17, we did not receive any significant fines or sanctions for non-compliance with environmental legislation.

### Performance Date

#### Biodiversity - Saplings planted (All units in Number)

48,736 tree saplings

1,20,000 mangrove



Saplings planted

#### Sarus Conservation Project, Vadodara

3,500 students

1,000 villagers



Number of participants and villagers reached



### New Technological Innovations

At UPL we promote new technologies in the field of waste water treatment and recycling to meet our sustainability goals. We approach various technology providers or suppliers for piloting and implement the technology in our manufacturing plants for better performance. Additionally our in house expert team also provides them support for successful piloting and implementation. We performed piloting of three new technology respectively Volute Sludge Dewatering press, Hydroxyl Radical treatment, Scaleban. The details about piloting are given below:

#### Volute Sludge Dewatering Press

At UPL Unit 1 & 5, we piloted Volute Sludge Dewater press developed by Amcon Inc. Japan. Volute is sludge dewatering equipment which can be operated on continuous basis instead of batch process like in filter press. It is also more energy efficient and less noise generating than any other continuous dewatering equipment like centrifuge, belt filter press, and screw press. The technology has enabled us in efficient management of sludge generated from our waste water treatment plant.



#### Scaleban

SCALEBAN™ is a patented, mechanical, static and non-chemical water treatment equipment provided by Scaleban Equipment Private Ltd. It can utilise effluents like RO reject water and ETP treated water as make up water in Cooling Towers in place of fresh water / soft water. Its art of design technology prevent scaling in heat exchange during using of high TDS water or treated effluent. We piloted at Unit 1 to recycle ETP treated water into cooling tower up to 100000 ppm TDS. This will reduce cooling water demand and decrease treated wastewater discharge in our operating plants.



#### Hydroxyl Radical Treatment

Hydroxyl Radical treatment is one the advanced oxidation treatment to treat high COD and toxic pollutant in waste water treatment. In this technology we use hydroxyl radical to oxidize the pollutant in effluent. The Hydroxyl radical is most powerful radical which have high oxidizing power 2000 times than ozone. We piloted this technology at our Colombia plant.



# UPL Sustainable Development PLAN

At UPL Limited, we believe that Sustainability is the best opportunity for business to drive smarter innovation and profitable growth. Sustainability ensure a fair society, living within environmental limits and creating a sustainable profitable business. We are constantly working to reduce environmental footprint and find innovative product solutions that benefit the environment. Our environmental standards apply worldwide.

Our commitment to environmental protection, health and safety extends beyond the scope of legal requirements. In the case of acquisitions we examine prior to the transaction whether the applicable environmental and occupational safety regulations and fundamental employee rights are complied with at the production sites in question.

We are committed to the chemical industry's [Responsible Care™ initiative](#) and have set out the basic principles of this commitment in our Global Environmental Footprint Reduction Plan. Certified HSEQ management systems control its operational implementation.

The [United Nations](#) (UN) adopted the "Agenda 2030" with a total of 17 [Sustainable Development Goals](#) (SDGs) in September 2015. These goals are designed to offer solutions to overcoming global challenges such as poverty, hunger, inequality, climate change and numerous others. At UPL, we are fully committed to achieve the UN Sustainable Development Goals.

## Our Environment Policy

Protecting the environment is our duty towards life. At every step, we are conscious of fulfilling our responsibility in sustaining our planet. We firmly believes in, and is committed to monitoring and improving environmental performance, pollution prevention and environmental protection.

These aims will be achieved through:

- Adopt structured approach toward sustainability.
- Implement the code of practices of responsible care initiative to achieve international benchmark in pollution prevention.
- Comply with all applicable statutory and other requirement pertaining to Environmental Management system (EMS) as well as take necessary improvement to go beyond compliances.
- Follow the international environmental policies, best practices, efficient technologies to improve our environmental performance.
- Utilise the natural resources to meet the need of present without compromising the need of future generation.
- Conserve the natural resources by their responsible use and achieve reduction in our environmental footprint.
- Create culture of practicing environmental management system, procedures among employee to all level.
- Promote environmental awareness among employee & community.

## Our Ambition

The [United Nations](#) (UN) adopted the "Agenda 2030" with a total of 17 [Sustainable Development Goals](#) (SDGs) in September 2015 to end poverty, protect the planet, and ensure prosperity for all. Our ambition is to achieve the "UN Sustainable Development Goals" to transform our world.



To align our UPL Sustainable Development Plan with UN Sustainable Development Goals, our Ambition is to reduce 30% Environmental footprint in our manufacturing plants by 2020.

## Environmental Footprint Reduction Plan



UPL is having dedicated technology group of more than 50 engineers & researchers lead by Director level person, continuously working to reduce the environmental footprint of company.

### Our Environmental Management Plan

To achieve our ambition, we make following planes to reduce our environmental footprint.

- Greenhouse gas emissions reduction plan
- Water reduction plan
- Waste minimisation plan

#### 1. Greenhouse Gas Emissions Reduction Plan

Greenhouse gases trap heat and make the planet warmer. Human activities are responsible for almost all of the increase in greenhouse gases in the atmosphere. Climate change due to greenhouse gas emissions will have a growing impact on our business. We have set ourselves a bold reduction target for greenhouse gas (GHG) emissions. Our greenhouse gas emissions reduction plan includes following:

- Reduce the specific energy consumption by operational excellency.
- Use of eco-friendly fuels in utility system.
- Implementation of energy efficient equipment in manufacturing processes.
- Promote the use of renewable energy sources
- Process modification to reduce greenhouse gases during operation
- Implement metering, monitoring & targeting (MMT) to ensure the efficient performance of system.
- Using Alternating transport like rail or ship for transportation of products and goods

### 30% Carbon Reduction by 2020 CO2 Reduction Plan

- Energy Reduction**
  - Reduce specific energy consumption by operational excellence
- Renewable Energy**
  - Promote the use of renewable energy source in operations
- Greenhouse Gas Emission Control**
  - Minimise the use of coal, CFC and GHG emission substances
- Pollution Control Devices**
  - Install efficient stack emission control equipment

#### 2. Water Reduction Plan

Sustainable industrial water management plays a vital role in achieving future water security in a world where water stress will increase. The optimum utilisation of all natural resources is an integral part of UPL's commitment to sustainable development. Aiming to decrease abstracted water demand in our operating plants, we set water reduction target at relevant production sites and develop and install technologies that improve water use efficiency and quality. Our specific water reduction plan includes following:

- Reduce specific water consumption by operational excellency.
- Promote the use of harvested rain water in process.
- Develop controlled discharge facilities for effective surface runoff management.
- Implement metering, monitoring & targeting (MMT) to ensure the efficient performance of system.
- Implementation of effluent segregation practice and stream wise treatment.
- Wastewater recycling and reuse to achieve zero liquid discharge by using energy & space efficient wastewater treatment technologies.
- Periodic internal/external audits to find root cause of excess water demand.
- Recovery of valuable material (like product, by product) from effluent stream.

### 30% Water Reduction by 2020 Water Reduction Plan

- Water Reduction**
  - Reduce specific water consumption by operational excellence
- Rainwater harvesting**
  - Promote the use of rain harvested water in process
- Wastewater Recycle & Reuse**
  - Develop zero liquid discharge technologies in plants
- Surface Run off Management**
  - Develop efficient controlled discharge facilities in plants

#### 3. Waste Minimisation Plan

Our products get protected and transported safely due to packaging, but at the same time it can end up as waste. Our approach to sustainable packaging takes a lifecycle perspective. We will achieve our waste reduction targets through a combination of reducing, reusing, recycling and eliminating packaging materials. Our specific waste minimisation plan includes following:

- Reduction of waste from packaging process by improvement in packing material
- Redevelopment of manufacturing process to reduce landfill/ incinerable waste during operation.
- Implementation of Waste segregation practice for efficient waste management
- Reduce specific waste generation of waste from manufacturing by redevelopment the process
- Implement the practices of 4R (reduce, recycle, reuse, reprocess) concept in Hazardous waste management
- Recovery of value added products from waste.
- Utilising of incinerable hazardous waste for energy recovery.

### 30% Waste Reduction by 2020 Waste Minimisation Plan

**Worst** (Top of pyramid):

- DISPOSE** Landfill
- INCINERATE** Energy from waste.
- TREAT** Treatment of a waste to make it less hazardous or reduce volume.
- RECYCLE** Recycling involves reprocessing.
- RE-USE** Reuse requires no reprocessing.
- REDUCE** Reduction of waste generally within the production site.
- ELIMINATE** Elimination of the Waste. Also covers substitution

**Best** (Bottom of pyramid):

Most preferable are eliminate, reduce, recycle & reuse  
Least preferable is landfill



# Product Safety and Stewardship

“Project Lakshya” enriches our connect with customers.

### Management Approach

At UPL, we develop, manufacture and market products for farmers catering to their needs right from seeds to post-harvest. The products are used extensively in India and all around the world. We are responsible for delivering products that provide livelihood to farmers and help in strengthening the backbone of our economy. Our efforts also include addressing environmental and social issues across the product life cycle. These range from sustainable design and green chemistry during research and development, to energy and materials efficiency during manufacturing and transport, to responsible advertising and promotion, and finally, appropriate treatment and disposal of the products at end of their life. We also ensure high standards in quality, safety and product integrity.

### Quality of our offerings

Product quality and customer safety is at the core of everything we do. Every day our products make a difference to millions of people worldwide. Our reputation and success rely heavily on the quality and safety. Our global quality management system supports a consistent approach to managing quality across the product life cycle, including design, development, manufacturing, labelling, packaging, distribution and promotion. Quality control is thus in tandem with our R&D and Production teams. An internal team has the onus to supervise quality control through regular audits and benchmarking with the industrial best practices.

It helps us address the complexities of managing quality across our different service lines, businesses, regions and manufacturing operations, enhancing our ability to meet high standards and to adapt to changes in a complex regulatory environment. At UPL, we regularly evaluate and review our quality management system to identify and correct issues that may affect product and service quality.

Through our farmer feedback process, engagement mechanisms and our satisfaction surveys we are able to make informed decisions related to the manufacturing and distribution of our products. When we identify a potential quality or farmer-safety issue with one of our products, or determine that products manufactured or marketed by us do not meet company specifications, published standards or regulatory requirements, we investigate and take appropriate preventive and corrective actions.



### Valuing our Customers

Cherry picking the best among the plethora of products available in the market today is the prerogative of the customers. UPL respects this right and brick by brick innovates to offer better range of solutions to our consumers. Working towards customer satisfaction is quintessential to UPL's business practices. Our meticulous efforts have enabled us to become a brand of choice, catering to a number of consumers.

**Customer Satisfaction Surveys:**

We follow structured procedures to assess and grade ourselves on customer satisfaction. Post-marketing audits for specific products are conducted to understand customer expectations better and enhance customer satisfaction levels. We have a keen interest in measuring customer loyalty, understanding consumer behaviour, identifying unhappy customers, attracting new customers and ultimately increasing customer lifetime value. Considering these parameters we have designed customer satisfaction surveys. Customers rank the plethora of UPL products based on their satisfaction levels pertaining to the products they use. Under this vast umbrella of products we have divided our products and customers in three segments primarily:

- Agro-formulation
- Agro-technical
- Specialty chemicals

The ranking is evaluated and analysed to finally give us a picture of our performance. We use this tool to improve our efficiency and quality in the quest to consistently outperform our competitors. Our 'Adarsh Kisan Centre' (AKC) call centers in Mumbai, Visakhapatnam, and Chandigarh respond to customer queries and grievances and resolve these issues. Packaging on all our products have this toll free number printed on them in order to increase ease of access for our customers. The resolution of issues can be done over the phone call and through visits of our field staff. AKC also gathers feedback from 12.8 lakh farmers registered with them. These surveys are extremely comprehensive and cover concerns related to product availability, usage and market access of harvest. In the previous fiscal period the analysis indicated that every farmer spending One Rupee in a UPL product gains a value of Twenty Rupees for the crop.

All our customer interactions are monitored to ensure that field team adheres to our commitment to farmers and sustainability. In-house trainings and academies are run to create awareness and improve our sustainability performance.

We are transparent in our business activities and practices and in line with the same we have created SMS portal for our channel partners to access information on invoices and receivables.



Adarsh Kisan Center call centers in Mumbai, Visakhapatnam, and Chandigarh



12.8 Lakh farmers registered with Adarsh Kisan Center call



SMS portal for channel partners

"Project Lakshya" is another initiative that was launched in the Rabi of 2016 to enrich our connect with customers. It aims to guide paddy farmers practicing conventional (subsistence) cultivation methods about commercial cultivation. We integrated AKC with the field force team and during the pilot project 49% of the farmers adopted our recommendations and 80% were satisfied with the initiative. Our inputs on aspects such as knowledge of technology, time of application of products were acclaimed by the participants. We plan to replicate this project in other geographies with a wider scope for small and marginal farmers.

The Unimart is a chain of farm advisory and solution centres in India and Africa that provides expert advice, quality products and necessary guidance to farmers.

As a crop protection chemical manufacturing company, UPL handles a number of hazardous chemicals and processes. We have invested in processes and practices to enhance operational safety. At UPL, we believe in proactive measures to ensure workmen safety. Any activity that appears even remotely unsafe to anyone can be immediately stopped. Each department appoints one plant safety representative (PSR) responsible for managing unit safety. Each operating shift commences with a 10-minute discussion on safety aimed at enhancing process integrity. Each project goes through a HAZOP study before commencement. All plant-setting changes were first cleared by the HAZOP team before being implemented. At UPL, an Emergency Response Team (ERT) across manufacturing units attends to incidents not only in factories but also neighbouring areas. There are nearly 20-25 people in each factory in the ERT.

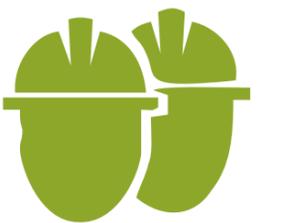
We have designed safety training programs for contract labourers, making attendance and compliance compulsory. We display safety visual display boards across the plants along with the temperature points in each working unit. Our Company follows a strict incidents reporting system; even minor incidents are logged in the MIS of the safety department. Each incident is analysed for its root-cause with required precautions taken to prevent recurrence. We have invested significantly in upgrading the safety standards across factories.



Project Lakshya for customer connect



Unimart – A chain of farm advisory and solution centers in India and Africa



HAZOP team for workmen safety

#### Technological Innovations

Sustainability is the key driver for technological innovations at UPL. We develop products and processes which are safer and more environment friendly.

Our strategic mandate is R&D-driven and focused on product innovation. This has helped launch new products with responsiveness to market needs. We are dedicated to improve agricultural viability across the world. In just the last three years, we launched 240 products and filed 195 patents, reinforcing our position as an industry leader.

Our Innovation Rate (measuring the revenue contribution of products launched during the past five years) is as high as 15%. We strengthened our Innovation Rate (differentiate products as a percentage of total revenues) to address the incidence of resistant weeds, insects and diseases. We launched an array of biological products to guarantee crop nutrition. We extended beyond traditional products and services to provide chemical spraying coupled with advisory centres that addressed farmer queries.

#### Intellectual Property

At UPL, a rich pool of scientists focus on process innovation leading to global patents. We are at forefront in protecting innovation by filing patents both nationally and globally. This helped enhance manufacturing efficiency on the one hand and strengthened product efficacy on the other. It has empowered the company to extend beyond new product development and improvement in existing products to build a world-class intellectual property bank. These initiatives helped strengthen the company's credentials as an innovator in its own right. The result: over the past five years, we filed 253 patents globally. During the year 2016-17 company was granted 5 patents on products and processes. Similarly 6 patents were filed during the year.

We believe that Sustainability is the best opportunity for business to drive smarter innovation and profitable growth. Sustainability ensures a fair society, living within environmental limits and creating a sustainable profitable business. It is constantly working to reduce environmental footprint and find innovative product solutions that benefit the environment. Its environmental standards apply worldwide.

## 253 patents filed in last 5 years

#### Innovation Approach

The exercise starts at the product identification and selection stage itself wherein products with high potential activity and safety factors are decided for development.

The processes for manufacture of chemicals are designed keeping in mind the principles of green chemistry. For example, the catalytic processes generating low or no wastes are preferred over chemical processes which invariably generate high wastes although the capital investment in catalytic processes could be higher. Similarly safety in handling of materials, processing and manufacturing are integral part of research and innovation. The simulations of the processes to assess the safety issues using advance thermal screening and hazard analysis are extensively done.

As a part of continuous innovation to improve existing manufacturing processes, the yields are improved and batch cycle time reduction are done. This not only results in raw materials cost savings but energy savings too an important aspect of sustainable development. Our company has won several awards for energy saving initiatives.

Over the years, we have been developing many innovative formulation products with high bioefficacy either as solo or combination products which contribute greatly in sustainable development of agriculture.

We are also working on the newer manufacturing technology development which will contribute to greater safety, lower plant footprints, lower energy requirements and consistent product quality.



#### Safety during product development

Emphasis on safety is an integral part of research and innovation. The desired safety data is generated in handling of materials, processing and manufacturing of products. At different stages of product development the simulation of processes are carried out to assess the safety during manufacturing process development. The thermal screening and hazard analysis is done for raw materials, reaction mixtures, intermediates and finished product to finalise the safety precautions during their use and also during reaction conditions.

The Differential Scanning Calorimetry (DSC) analysis and reactions calorimetry are frequently done to assess various hazards and heat generated during the reactions. This greatly helps in design proper safety procedures. These safety data are an integral part of technology transfer package (TTP).

#### Innovations during FY 2016-17

Several innovation have been done and innovative products introduced during FY 2016-17. Some of these are given below:

1. Novel continuous process for technical actives.
2. Innovative formulations – ZC and EW – Eco friendly formulations
3. Disperse Technology
4. Low foam formulations - Dry flowables and soluble liquid
5. Dry Flowable for liquid technical actives.

#### Top Management Involvement and Support

UPL top management has always supported innovation for sustainable development. This is reflected in the substantial preceding investments in projects with potential innovations. Management has been encouraging the sustained technology development for agrochemicals which is cornerstone of our management philosophy.

#### Quality of products

At UPL, quality product development is an elaborate exercise. The product quality requirements are as per the regulatory requirements worldwide. Hence, the processes are suitably developed and refined at R&D stage to fulfil these requirements. The required analytical facilities have been established in all the R&D Laboratories to ensure the product quality including impurity profile.

A large group of children in yellow school uniforms and adults standing in front of a decorated building. The building has a red roof and is adorned with colorful garlands and bunting. Several blue tarps are visible on the roof. The scene is outdoors with trees in the background.

# Societal Value Creation

**63** - Occupational Health and Safety & Emergency Preparedness

**67** - Corporate Citizenship



## Occupational Health and Safety & Emergency Preparedness

1000 man-days of Safety trainings conducted

• Constitution of an Emergency Response Team(ERT) at every unit.

### Management Approach

The safety of our employees, both permanent and contractual, is very important to us. All efforts are taken to ensure that the environment they are working in is safe and injury free. Our Safety Vision 2017 is "To become one of the best & safest Chemical Manufacturing Companies in the world and achieve Best in Class safety by making a way of life".

We ensure safety of our employees and consider it as a part of being a responsible corporate citizen. All efforts are taken to minimize adverse effects by virtue of our products, services, operations and activities involving our employees. Not only do we comply with all local and applicable statutory requirements, but we also make arrangements for training of our employees, vendors, contractors and other stakeholders about occupational health & safety.

At UPL, we understand that chemical and industrial disasters are inevitable and our preparedness to handle these issues is important. Thus, we emphasize on 'zero tolerance' as an ongoing standard in disaster prevention. However, human errors, operational dimensions and the availability of relevant information during various disaster management phases have emerged as critical concern areas as well. Starting with manufacturing plants, prudent decisions comprising site selection, public participation in clearance, industrial layout planning, disaster mitigation, and on-site and off-site emergency co-ordination strengthen our comprehensive disaster management framework at the local and district levels.

### HSE Committee

We have a safety committee which has been constituted as per the guidelines of the Factories Act, 1948, comprising a minimum of 50% representation from the non-management workforce. We ensure complete compliance and adherence with all applicable laws, and always strive to go beyond the minimum acceptable threshold of compliance with legal obligation. In order to maintain the highest levels of safety, we have implemented Health, Safety & Environment Management Systems (HSEMS) which are periodically reviewed by the board level HSE committee. This has helped us to increase safety awareness and occurrences throughout our locations and foster a safety culture in the workplace. We are striving to weave safety performance with business sustainability, by strengthening our Risk Management and Process Hazard Analysis which enable risk mitigation and emergency planning to impede any incidents.

### Our Activities:

#### Outdoor Safety Training Centre (Infrastructure)

The outdoor safety training for all employees is carried out at UPL's Nahauli Farm House where employees engage in a five-day industrial safety camp.

#### Promotional Activities on Health & Safety

With a clear objective of creating a behavioural change in the organisation through a safety awareness program to develop a positive change at workplace.

#### Training & Demonstrations to Other Industries

The company frequently engages by conducting demonstrations in the area of disaster preparedness conducted by the factory inspectorate during the National Safety Day celebrations.

#### Medical check-up

The company conducts a pre-employment and periodic medical check-up for employees.

#### In-house training to all employees

The safety department conducts training for all employees and contract on safety-related issues.

#### Transporters Meet

The company is arranging periodic transporter meets & also arranging training for transport crew, thus ensuring safety during transportation of hazardous chemicals.

### Case study: Healthcare for the deserving

UPL was instrumental in establishing and managing the Rotary Hospital at Vapi, now considered as one of the best South Gujarat hospitals. Mrs. Sandra Shroff, Vice Chairman, has been the President of the National Association of Burn Injuries in India for over a decade. The National Burns Centre (NBC) at Airoli, near Mumbai is a 50-bed public charitable hospital and the only one of its kind in Navi Mumbai.

Our healthcare initiatives have not been restricted to building and managing hospitals. We have promoted scores of rural health check camps, provided medicines and mobilised doctors to extend the benefits of these camps to the doorsteps of beneficiaries.

In the Gujarat Industrial Development Corporation (GIDC) Township in Vapi, we spearheaded a mosquito eradication initiative through insecticide spraying. We supported the Self Employed Women's Association (SEWA) Rural Trust for its selfless engagement with adivasis (tribals) through healthcare, education and basic housing support around Ankleshwar and Jhagadia in Gujarat.

To ensure safety for employees, we have organized committees that are dedicated for handling of emergency and welfare for employees. The initiatives directed towards human welfare, emergency response and mutual aid are taken care of by the respective committees through various activities conducted round the year. Apart from the regular CSR activities the company also creates programs for welfare and emergency preparedness.

- Mutual Aid
- Emergency Response Team
- Environmental Care for Human Welfare





## Corporate Citizenship

### Background

UPL Ltd believes in contributing to harmonious and sustainable development of society and that a company's performance must be measured not only by its bottom line but also with respect to the social contributions made by the company while achieving its financial goals! The work on the needs of employees and the neighbouring community by UPL Limited stretches as far back as 1969 with the inception of 1<sup>st</sup> manufacturing operations at Vapi, Gujarat.

Care  
Excellence  
Sustainability



To be a catalyst for a more equitable and inclusive society by supporting long term sustainable transformation and social integration

We will achieve our vision by  
Implementing need based projects through participatory approach.  
Focusing on building capacity to make community Self-Reliance  
Developing partnership  
Transferring knowledge

### Focus Areas



Agriculture Development



Employability and Entrepreneurship



Education and Empowerment



Environment and Nature Conservation

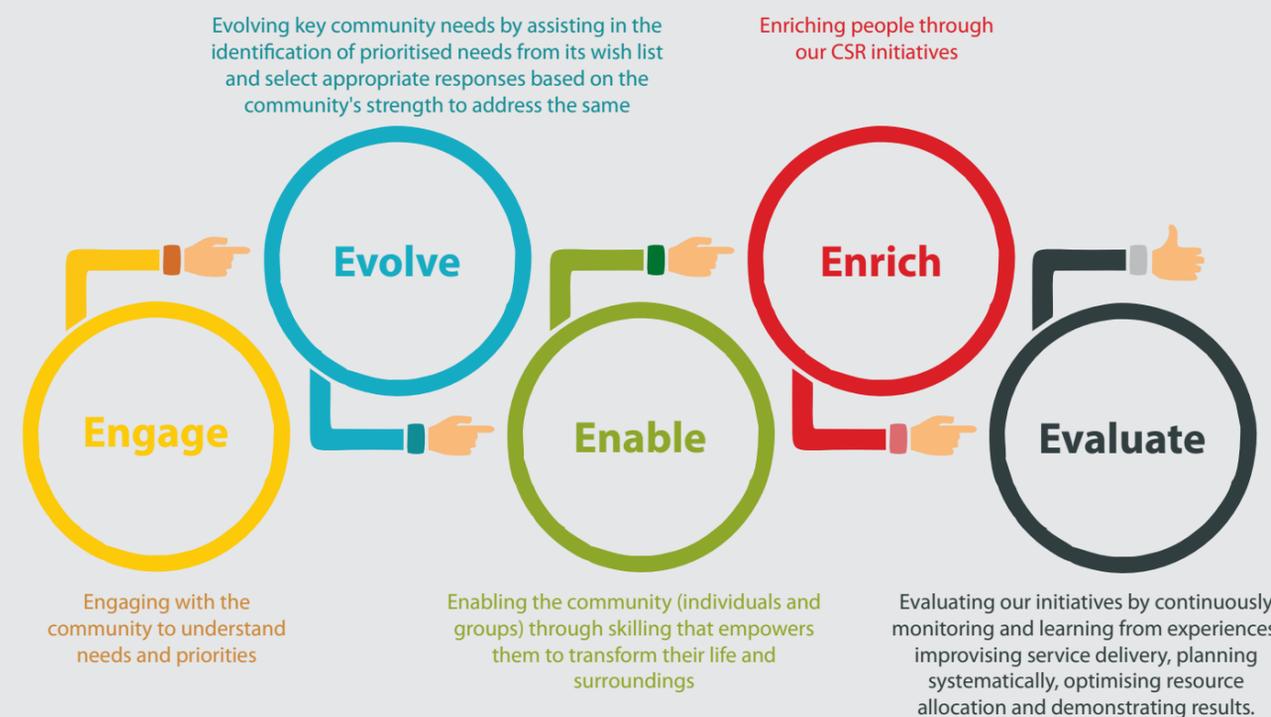


Health and Sanitation



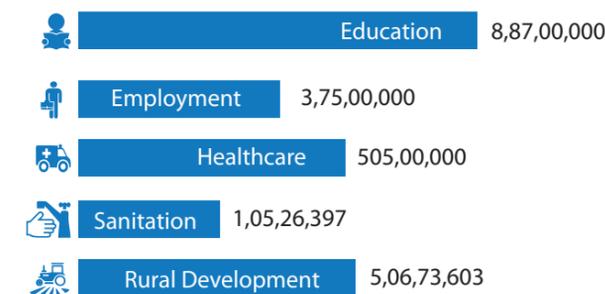
National and Local Area Need

### CSR Process



### CSR Spend

At UPL, we believe in contributing to harmonious and sustainable development of society and that a company's performance must be measured not only by its bottom line but also with respect to the social contributions made by the company while achieving its financial goals! During the year, the CSR expenditure incurred by the Company was INR 23.79 Crore (9.7% of Profit after tax). Our CSR activities focus not just around our factory and offices, but also in other backward locations based on the needs of the communities. Before undertaking any program, a sound assessment of the scope, need, projected benefits are carried out. UPL has committed financial resources towards the following five areas:



### CSR Governance

We have a CSR policy that guides the organisation and aligns its activities towards focus areas. In accordance with sub-section (1) of section 135 of the Companies Act 2013, our organisation has set up a CSR committee to advise on the company's CSR policy, and monitor the CSR activities of UPL Limited. All projects are identified as per needs of community.

The Composition of the CSR Committee is as follows:

1. Mrs. Sandra R. Shroff (Chairman)
2. Mr. Pradeep Goyal (Independent Director)
3. Mr. Vikram R. Shroff (Director)

The policy for CSR may be found on our website as follows: Weblink <http://www.uplonline.com/csrapolicy.pdf>

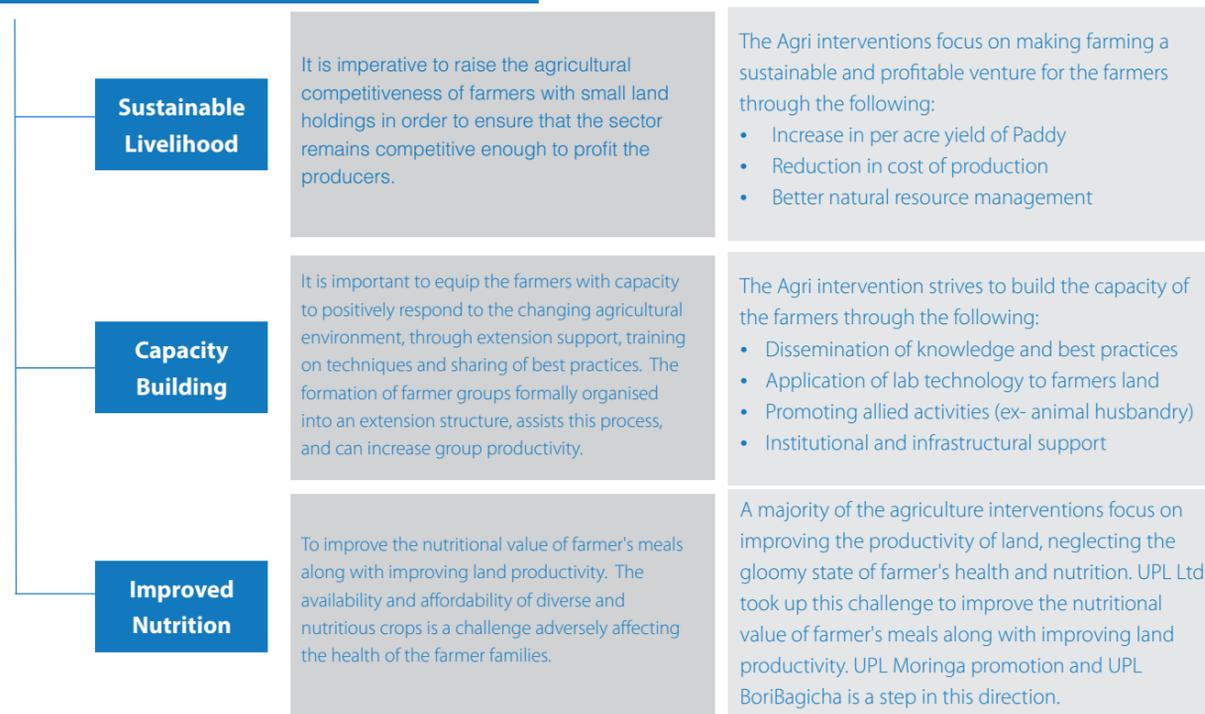
### CSR Activities

**UPL KhedutPragati**  
(The Agriculture Development initiative)



Small land holdings, use of traditional farming techniques, high dependence on rain fed irrigation, low use of technology et al have made Indian agriculture a not so profitable venture for the farmers, often forcing them to live a poor quality life, sans hope for growth and development. UPL Ltd is working with the farmers to bring a change in this status quo!

### Agriculture Interventions (our approach)

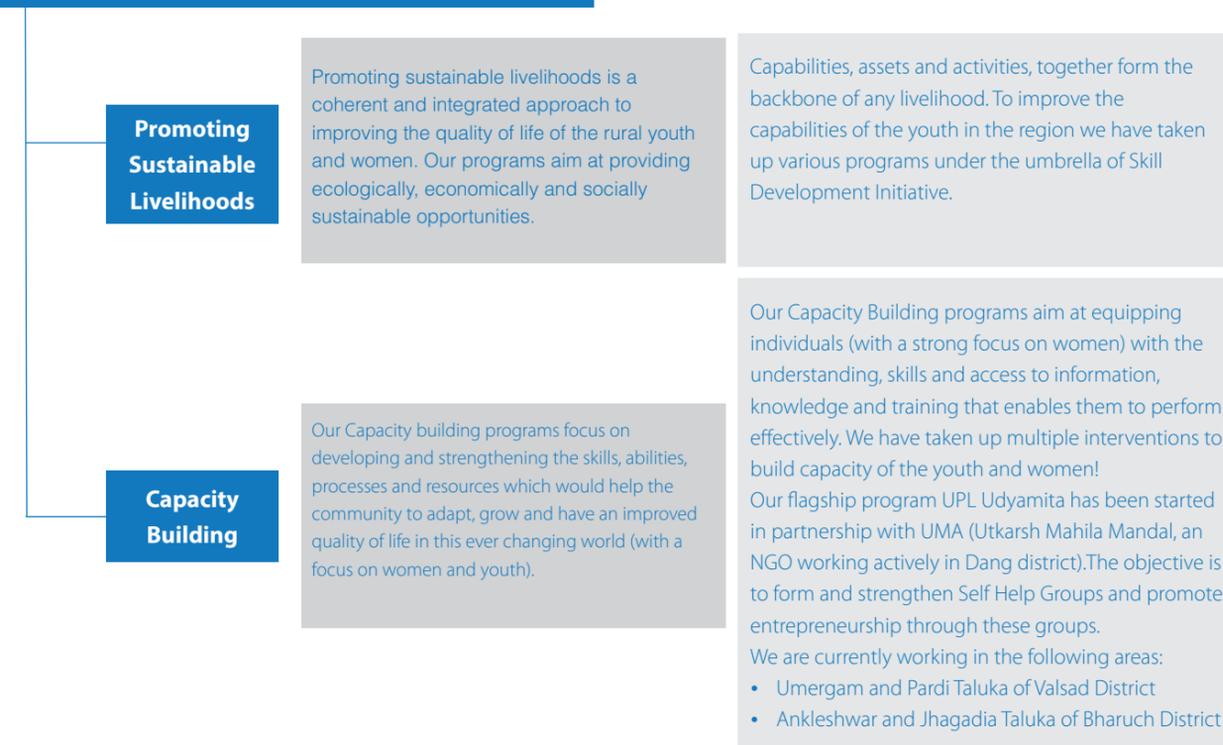


## 2 Employability and Entrepreneurship



In the absence of quality education and employable skills, a majority of the working population gets into unskilled employment for sustenance. The quality of life remains low due to the low income levels. Women too face multiple socio cultural boundaries which limit their choice for financial independence and growth.

### Employability Interventions (Our Approach)



S R Shroff Aajivika Trust (SRSAT) is a Non-Profit Organisation promoted by UPL Ltd. The Trust has established and manages 4 skill development centres known as UPL Niyojaniy, in 3 districts of Gujarat namely Makarpura (Vadodara), Savli (Vadodara), Ankleshwar (Bharuch) and Halol (Panchmahal). The word "Niyojaniy" means employable. The UPL Niyojaniy Kendra's are established to provide comprehensive skills training on industry specific skills like welding, fitting, etc. so that the participants can be successfully employed in industries. These centres offer short duration, typically 3-6 months, practical oriented programs, with a focus on Fabrication, Chemical and Electrical sector.

ITI Partnership in PPP (Public Private Partnership) mode: UPL Pragati has partnered with ITI Surat (Women) and ITI Amod in Chemical Sector of Bharuch district. The objective is to share our technical knowhow and capabilities with these institutes and help them become world class organisations. With this intervention, we introduced new trades in the institutes, provided technological innovations such as simulators to create better impact of training.

# 3 Education and Empowerment

Education and empowerment go hand in hand. The literacy levels in the region have remained low despite many efforts taken by the government and the voluntary organisations. High incidence of poverty, low retention, lack of adequate infrastructural facilities etc further worsen the scenario. UPL Ltd has taken multiple initiatives to improve the literacy levels in the region by providing quality education to the children and train the youth in employable skills.



## Education (Our Approach)

### Improve Quality of Education

Improved access to educational institutes, better quality of education and a holistic approach to develop children forms the backbone of our educational initiatives.

Quality of education is dependent on a number of factors like health and motivation of students, competent teachers, teaching methodologies, and relevance of curriculum, governance structure and many more. UPL Ltd works on all of these to enhance the quality of education through a company promoted Trust called Gnyan Dham Vapi Charitable Trust. The Trust is currently working with 2 schools as mentioned below.

- **The Smt. Sandraben Shroff GnyanDham School** in Vapi was established 45 years ago to provide education to the local children and the children of UPL's factory personnel. Today the school has a capacity of 1600 students from Nursery to Class 12. The school is equipped with good infrastructure facilities and provides education in English Medium. The school focuses on the overall development of the students. Various initiatives are planned and undertaken to develop the students holistically.
- **The Gnyan Dham Eklavya Model Residential School, Ahwa Dist- Dang** is an educational institute started by the Government (in the year 2000) for imparting education to the children belonging to the tribal community. In 2011, looking at the need to improve the quality of life and education at the school, the Trust took over its management. Since then multiple initiatives have been taken to enhance the overall learning experience of the students in this school.

### Improve Quality of Education

Gujarat is a hub for chemical industries in India and provides quality infrastructure to the industry. But there was a lack of chemical technological institutes that can provide quality manpower to the industry in the region. UPL Ltd identified this need to provide world-class research and teaching facilities for the benefit of the industries and hence established a Chemical Technology Institute.

- The Shroff S Rotary Institute of Chemical Technology (SRICT), Vataria, Ankleshwar. SRICT has been established by UPL to provide world-class research and teaching facilities for the benefit of the industries. The institute has state-of-the art laboratory facilities and provides an environment that stimulates and encourages academic excellence. The institute regularly conducts technical workshops, seminars, refresher courses, training programs etc for the benefit of the students. Various Life Skills Programs are also organised to improve the overall well being of the youth so that they become responsible citizens.
- Sandra Shroff ROFEL College of Nursing, VAPI (SSRCN) was started in the year 2003-04 with the objective of providing good quality medical professionals (especially nurses) to the surrounding areas. By providing education, skills and professional degrees to the local women, the institute also aids in making women become financially independent. At present, the strength of the graduate program is 40 and post graduate program is 15, with a plan to increase the same in the coming years. We also plan to launch M.Phil and PhD programs in the coming 5 years.

# 4 UPL Vasudha (The Environment and Nature Conservation initiative)

Depleting forest lands, high levels of pollution (air, water and noise), decreasing sensitivity towards nature and irresponsible actions have been disturbing the ecological balance in the region which can have long term repercussions.



## Environment (Our Approach)

### Sustainable Livelihoods

Environment conservation and responsible actions towards nature go a long way in making nature an alternate source of livelihood for the local population, who have close economic and cultural links with nature.

**Eco Clubs:** Children are the flag bearers of our future. They must be made sensitive towards the environment and responsible towards actions which impact the surrounding. The objective of this program is to make the young generation conscious about the importance of nature preservation and conservation and inculcate good practices amongst them. The Eco or Vasudha Clubs have been formed in schools and students participate in environment related activities through these clubs.

**Green Ganesha Workshops** - UPL Ltd in association with Parisar Asha took the environment initiative to school children in Vapi and Mumbai through the Green Ganesha Workshops. This year the programme was implemented in 21 schools in Mumbai, sensitising 2520 children about the ill effects of POP idols. The materials used extensively for the creation of Ganesha idols create havoc in the environment. Hence a need to use more eco-friendly Ganesha idols. This initiative creates awareness within the society to stop this idol humiliation & environmental pollution. This workshop also provides joy and satisfaction of creating Ganesha from eco-friendly shadu clay and acts as a stress buster for the participants.

### Improve quality of life of flora and fauna

Quality of life of the natural habitat must be improved through information dissemination, increased awareness and focused efforts to preserve and protect the same.

**Sarus Conservation Project** - Gujarat is home to a vulnerable, resident species of Cranes called Sarus Cranes. These are found in Ahmedabad, Anand, Baroda and Kheda districts. Sarus Crane (*Grus antigone*), a resident species is known to use wetlands and agriculture fields and live in association with human beings. The major threat to Sarus crane in India is habitat loss and degradation due to draining wetland and conversion for agriculture, construction of roads, housing colonies, and railway lines. More recently, many deaths have been recorded due to collision with power lines. The long-term conservation of the species that inhabits human surroundings outside protected areas requires community protection initiatives and education and awareness programs in the major breeding, foraging and roosting areas. Awareness generation amongst students and farming community: Our awareness generation program focuses on students and farming community. They are imparted information on Sarus cranes, its habitat and importance through documentary in Gujarati. Posters, pamphlets, slide shows, lectures, posters and presentation talks are organised in the crane breeding areas. Drawing competition, spot quizzes and movie screenings are also done to spread awareness amongst the students. Rural Sarus Protection Groups: These are community based groups who work towards a common objective of Sarus Protection. All the conservation efforts are driven through these groups.

**UPL Social Forestry Project** - Social forestry means the management and protection of forests and afforestation of barren and deforested lands with the purpose of helping in the environmental, social and rural development. The government has been trying to increase forest areas that are close to human settlement and have been degraded over the years due to human activities. Under Social Forestry the community is encouraged to plant trees in village common land, government wasteland and Panchayat land. Social forestry also aims at raising plantations by the common man so as to meet the growing demand for timber, fuel wood, fodder, etc., thereby reducing pressure on traditional forest areas. Social Forestry also formally recognises the local communities' rights to forest resources and encouraging rural participation in the management of natural resources. Through this initiative, UPL Ltd. aims to involve community participation, as part of a drive towards afforestation and rehabilitating the degraded forest and common lands.

**Mangrove Plantation:** Under the initiative, we planted 1, 20,000 Mangrove plants spread across 60 acres of land in Vagra block. Mangroves not only help in preventing soil erosion but also act as a catalyst in reclaiming land from seas.

# 5 Health and Sanitation



Poor hygiene and sanitation practices are a leading cause of declining health condition in the country. The situation is no better in the areas where we operate, where a majority of the population does not have access to clean and usable toilet facilities. The situation gets even grim, owing to the cultural barriers which prevent adopting new practices.

## Health and Sanitation (Our Approach)

### Adequate health care facilities

To provide adequate health care facilities at an affordable cost to the regional people. The medical care must be provided by responsive, caring and efficient medical personnel.

In order to provide good quality health care facilities especially to the less privileged people in the region, we have instituted / Helped / Managing following hospitals.

- **Haria L.G. Rotary Hospital**, Vapi is a 250 bed Multi specialty Hospital and is considered as one of the best, well equipped, professionally managed and well maintained hospitals in the region. The hospital is equipped with fully functional operation theatres, has trauma and emergency centre, blood bank, dialysis centre, physiotherapy centre and much more. The primary measure of success at the hospital is delivering benchmark quality of medical services by responsive, caring and efficient people with a never-ending focus on service and medical excellence. The hospital was started with active support of UPL Ltd in the year 1977. And today is managed by Rotary Charitable Trust.
- **Shree Sardar Vallabhai Patel Rotary General Hospital**, Ankleshwar is committed towards providing healthcare for the socially marginalised and deprived sections of the society from Ankleshwar area. The 100 bed hospital is equipped with modern facilities and caters to the needs of around 2 lakh people in Ankleshwar which includes the community at large, employees and dependents of people working in Ankleshwar, Panuli and Jhagadia industrial belt.
- **National Burns Centre** is a unique project to extend research, training and the latest in burns care technology to India. The intervention was adapted to India's rural socio-economic profile, characterised by low incomes, unsanitary domestic environment and low infection resistance. Mrs. Sandra R. Shroff, Vice Chairman of UPL, has been President of Burns Association of India for almost a decade. The Association provides information on burns prevention and treatment. The National Burns Centre (NBC) at Airoli, near Mumbai is a 50-bed public charitable hospital, the only hospital of its kind in Navi Mumbai.

### Improved sanitation environment

To improve school and community environment (safe, hygienic and healthy) through increased access to sanitation (toilet) and increased use of the same.

- We understand that an improved sanitation environment will necessarily require a 3 pronged approach and hence we work on the following under our UPL School Sanitation Program.
- Build excellent quality toilets in schools (equipped with proper drainage facility, availability of water and proper cleaning mechanism)
- Generate adequate awareness amongst the school students and the community about the immense benefits of using toilet vis a vis open defecation
- Make the community aware about hygiene practices (use of dustbins, washing hands, drainage system in village etc)
- 15 toilet blocks have been built in 2016-17 in various schools across Valsad, Ankleshwar, Halol and Jammu benefitting more than 3000 students who have been regularly using the facility since then. (24 toilet blocks have been built in schools in the last 2 years). Similarly 2 toilet blocks have been built at the railway station in Valsad benefitting around 3000 commuters every day.

### Sanitation Awareness Generation Activities

Kathputli Natak was organised for school children & rural community	The awareness generation programs benefitted around 3000 students from various
Interactive sessions on sanitation were organised for the school students across Ankleshwar, Vapi and Halol	
Wall paintings have been made, movies have been screened in schools, drawing and essay competitions have been organised to spread awareness	
Counselling sessions have been organised for the community and school children regarding waste management, open defecation & other sanitation issues	

# 6 National and Local Area Need



UPL Ltd looks at development from a holistic perspective. We undertake support and development activities, which need not necessarily fall under our thematic focus area, but nonetheless are required for growth and development.

## National and Local Area Need (Our Approach)

### Responsive (Need Based)

Respond meaningfully to natural calamities/ disaster and co create meaningful solutions to meet specific requirements of underserved people.

- **Girl Safety Training known as "Nari Suraksha Abhiyan"** was started to equip girls with knowledge and skills to protect themselves from exploitation and sexual harassment. We focus on improving their understanding of what constitutes harassment and how to take support of family and surroundings to protect themselves and avoid harm. Some self-defence techniques are also taught in the program.
- **Road/Highway Safety Training:** We understand that a lack of awareness about road safety rules is the prime cause of road accidents. A majority of the accidents can be prevented by creating awareness about road safety measures. Participants are made aware about traffic rules and associated measures to prevent accidents.
- **Industrial Safety Training** aims at promoting good actions and initiatives that would improve overall safety of the industrial workspaces and contribute to the well-being of the workers and the environment. We focus on the use of safety equipments, do's and don't's in a manufacturing unit and measures to take in case of an accident.
- **Home Safety Training** aims at inculcating safe practices at home. The importance of home safety is emphasised while identifying the hazardous areas in our homes. Measures are suggested to prevent fire accidents, electric accidents, how to avoid slips, trips and falls at home, and handling hazardous material at home etc

### Proactive

Development of sports, promotion and development of traditional arts and handicrafts and improve wellbeing of people through various safety initiatives.

- **UPL's 'Unnati'** is a step to help Community Based Organisations improve their organizational capabilities and thereby improve their effectiveness on field. This project focused on capacity building of 6 CBOs in Mumbai working in various areas and development domains. The project was implemented by Renovate India which is a social enterprise operating from Mumbai and working mainly with grassroots' organisations.
- **Global Parli Project** is a pilot project of funded by UPL Limited to provide 360 degree development to 15 villages in Parli tehsil (District- Beed) in Marathawada. The primary goal of project is to increase the per capita income of each family by 250% in 3 years. The project plans improve the well-being of around 5000 families by working under the 5 verticals:
  - Gram Swaraj (working together for growth)
  - Social reforms like removal of dowry and reducing alcoholism
  - Water Management through rain water harvesting, recharging public bore wells, deepening and broadening of rivers etc
  - Economy- Economic development through agriculture development, direct-to-consumer marketing, animal husbandry, horticulture, cottage industry, value-addition machineries, storage facilities etc.
  - Human Development through health, education, skill development, job creation, sports etc.
- UPL Limited is supporting the Global Parli project to develop replicable model of Rural Rejuvenation by providing financial, technical & management support to the project.

UPL Khedut Pragati Program- impacting 4000 farmer families	Employability and Entrepreneurship	Education and Empowerment
<p><b>UPL AKRSP SRI Project</b> 4 years 1500 farmers/ 21 villages</p> <p><b>Dang Paddy Development Program</b> 3 years 354 farmers/ 10 villages</p> <p><b>Agriculture initiatives at Ankleshwar</b> 2 years 500 farmers</p> <p><b>UPL Centre for Agriculture Excellence</b> 15 years 13,082 farmers</p> <p><b>Agriculture Project with Co operative Valsad</b> 1 year 1000 Farmers/ 16 Villages</p> <p><b>Dang Moringa Development Program</b> 2 years 104 farmers /9 villages</p> <p><b>UPL BoriBagicha Project</b> 2 years 928 farmers/10 villages</p> <p><b>Vapi Agriculture Development Project</b> 1 year 208 farmers</p> <p><b>Vandri Cluster Development Project</b> 1 year 400 farmers</p>	<p><b>Skill Development Initiative:</b></p> <p><b>UPL Niyojaniy Kendra</b> 3 years 817 youth trained and 479 placed</p> <p><b>UPL Udyamita</b> 3 years 1141 women members</p> <p><b>Skill Based Entrepreneurial Development Program</b> 3 years 783 participants</p> <p><b>UPL Goatery Project</b> 1 year 40 families</p>	<p><b>Smt. Sandraben Shroff GnyanDhamSchool, Vapi</b> 44 years 1600 students / year</p> <p><b>Gnyan DhamEklavyaModel Residential School, Vapi</b> 5 years 350+ students / year</p> <p><b>Smt. Pushpavati Devidas Shroff Sanskardeep Vidyalaya, Ankleshwar</b> 16 years 1140 students/ year</p> <p><b>Shroff S Rotary Institute of Chemical Technology (SRICT), Vataria, Ankleshwar</b> 4 years 330+ students/ year</p> <p><b>GIDC Rajju Shroff ROFEL Institute of Management Studies (GRIMS), Vapi</b> 18 years 120 students/ year</p> <p><b>Mobile Education Van Project, Ankleshwar</b> 16 years 34 villages</p>

Environment and Nature Conservation -UPL Vasudha	Health and Sanitation	National and Local Area Need
<p><b>Eco Club Project</b> 3 years 5000+ students</p> <p><b>Sarus Conservation Project, Vadodara</b> 2 years 3500 students and 1000 villagers</p> <p><b>UPL Social Forestry Project</b> 1 years 30,000 tree saplings and 1,20,000 mangrove saplings planted</p>	<p><b>Rotary Hospital, Vapi</b> 40 years OPD Patient/ Year: 45,000 to 50,000 IPD Patient/Year: 10,000 to 12,000</p> <p><b>Sandra Shroff ROFEL College of Nursing, VAPI</b> 13 years 55 students/year</p> <p><b>UPL School Sanitation Program</b> 2 years 3000 students and 3000 commuters/day</p>	<p><b>Industrial Safety Training</b> 3 years 1976 students</p> <p><b>Girl Safety Training</b> 3 years 9938 girls</p> <p><b>Road/ Highway safety Training</b> 2 years 8173 students</p> <p><b>Home Safety Training</b> 1 years 292 women</p> <p><b>UPL Unnati</b> 1 years 6 Community Based Organisations</p> <p><b>Global Parli Project</b> 1 years 15 villages</p>

**CSR Impact Assessment (Evaluation)**

Every CSR initiative should be evaluated with scientific method to understand the growth and impact of work. It gives organisation a clear understanding on acceptance of interventions by the society. This year we did third party impact assessment to ascertain the effectiveness of development initiatives undertaken by UPL Limited. The study was based on primary data collection from sample of project beneficiaries and non-beneficiaries. Indicators were selected for measuring impact and data collection sheets were prepared. The data collected was subject to mining, crunching and statistical analysis. Based on the information generated, the results were put through a 3 dimensional analysis. The 3 dimensional Impact Assessment Model designed for the study worked on the following aspects- Whether the program has addressed root causes of various needs identified in a prior study, what are the development domains impacted and the reach of impact (individual, group or region). Statistical and mathematical tools were used to arrive at Impact Card for various interventions. Based on the findings, the projects have been ranked as per their impact on the Quality of Life of individuals, community and region as a whole. The impact assessment was based on scientific approach which covers all livelihood majoring parameters. Data were collected at random basis from 20% of the target group.



# CREATING VALUE

**79** - Economic Performance

**87** - Material Sourcing and Management



## Economic Performance

### Highlights

Revenue from operations increased by 16% to

₹ **16,680 Cr.**

EBIDTA improved by 23% to

₹ **3223 Cr.**

Profit before taxes have gone up by 52% to

₹ **2,022 Cr.**

Profit after taxes have gone up by 57% to

₹ **1,833 Cr.**

**3<sup>rd</sup>** Global status in post patent crop protection chemical company

Market Capitalization as on 31<sup>st</sup> March 2017

₹ **36,804 Cr.**

### Management Approach

Economic performance is necessary for an organisation to manage the expectations of shareholders. We are committed to enhance the shareholder value over the years and perform consistently on all economic parameters. The organisation has adopted strong merger and acquisitions strategy to explore opportunities to expand in new markets. We have added more products in the product basket and thereby provides end to end crop solution to farmers. The investments in expanding our business and product portfolio has increased our market presence. We have specific strategies to execute business objectives and create stakeholder value.

### Agriculture sector globally

Agriculture is a major provider for employment with a total industry size of \$5 trillion in 2016 worldwide. The sector is presented with many challenges such as the growing population leading to higher need for agri output, reduction in arable land due to increasing urbanisation - focus on yield/ productivity, changing dietary preferences driving higher demand for protein and nutrients, food security being a key focus area for all countries and intensification of agriculture in emerging markets. The trends suggest a growing agriculture produce year on year. The trade of agriculture produce is also projected to grow. Crop yields would continue to grow but at a slower rate than in the past. This process of decelerating growth has already been under way for some time. As per FAO, there are more than 570 million farmers world over; more than 70% own family farms accounting for more than 80% of global food produce. Interestingly, more than 95% of these farmers are from developing economies. Therefore, family farms represent the backbone of agro economies. On average, annual crop yield growth rate over the projection period would be about half (0.8 percent) of its historical growth rate (1.7 percent; 0.9 and 2.1 percent for the developing countries). These challenges increase the demand of food products and agriculture. This leads to increased demand of agriculture allied services. Many challenges discussed also suggest increase in crop protection business worldwide.

**\$5 trillion**  
Agriculture global industry size in 2016





#### Agricultural sector in India

Agriculture plays a vital role in India's economy. More than 58% of rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the nation's GDP. The share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) is expected to be 17% of the GVA during FY2016-17 at FY2011-12 prices. India's food grain production was pegged at 135.03 million tons in 2016-17. The country had the second-largest land area by size, dedicated to agriculture (157.35 million hectares). India, the second largest producer of sugar, accounted for 14% of the global output and emerged as the sixth-largest exporter of sugar. GDP from agriculture in India reached an all-time high of ₹ 5,418.51 billion in the fourth quarter of 2016 from ₹ 3,179.76 billion in the third quarter of 2016.

The agriculture sector in India is expected to perform better in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives are likely to contribute to the sector's growth. The growing use of genetically-modified crops is likely to improve yields for Indian farmers. India is expected to be self-sufficient in pulses in the coming years due to concerted efforts by scientists in the use of early-maturing varieties of pulses and increased minimum support prices.

**58%**

Rural households depend on agriculture as their principal means of livelihood

**₹ 5,418.51 billion**

India GDP from agriculture in Q4, 2016

**157.35 million**

hectares Land area dedicated to agriculture

#### Crop protection chemicals market

The value of the global conventional crop protection chemicals market in 2016 was estimated to have declined 2.5%, in comparison to 2015, to USD 49,920 million. It is worthwhile noting that this market value is based on the sales of agrochemical products used on the ground for crop use (including forestry and plantation crops) in the prevailing agricultural season, which for the southern hemisphere countries is the period between July 2015 and June 2016. During 2016, the value growth of the agrochemical market in dollar terms was not greatly affected by currency translation. However, volume growth was limited as a result of adverse weather conditions in many markets and poor farm profitability due to low crop prices. In addition, performance was affected by high distributor inventory in many markets, glyphosate overcapacity and low prices. When the impact of trade weighted inflation and currency factors are excluded, in real terms the market declined in 2016.

The market value for agrochemical product usage in the non-crop sector rose by 3.3% to \$6,532 million. Based on these results, the total market for agrochemicals is estimated to have decreased by 1.9% to \$56,452 million in 2016. The agrochemicals market is considered to be one of the most important agri-input segments due to the growing cultivation of high value crops to meet the rising diversified food demand. Agrochemicals are consequently seen as products that improve return on investment and also address farmer and consumer needs. The adoption of new technologies increases crop production through the optimal use of finite resources (land and water). The growth potential in emerging markets and untapped regions provide attractive opportunities for market players. The market is driven by growing farmer attention towards superior agrochemicals (balanced and nutritive). Growing population, declining arable land and increasing pest concerns in the face of a growing population are driving the agrochemicals market. The agrochemicals market is also influenced by factors like the sharing of intellectual property rights and increasing R&D investments.

**USD 49,920 million**

Global crop protection chemical market in 2016, 2.5% YoY decline



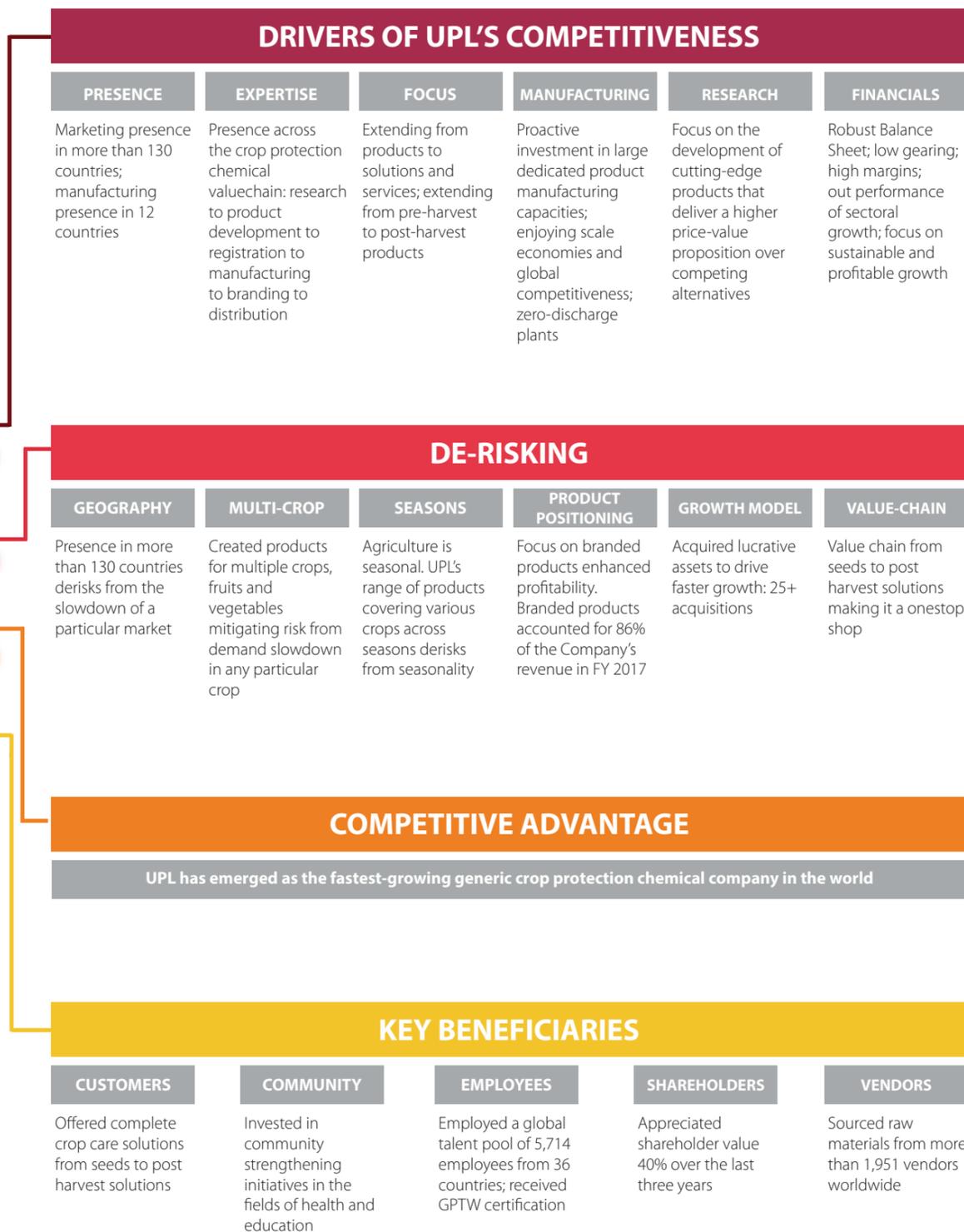
### Business Objectives

Being a global organisation, UPL is moving towards the development of agriculture sector worldwide. Our singular purpose is to drive agriculture industry with innovation that leads to prosperity. We have a strong marketing presence in over 130 countries and manufacturing presence in 12 countries. Our expertise in research to product development to registration to manufacturing to branding to distribution across the crop protection chemical value chain is fully aligned with our business objectives. We focus to move from products to solutions and services, while we move towards post-harvest products from pre harvest products. We are investing in large manufacturing capacities that ensure lower costs due to economies of scale, global competitiveness and zero-discharge plants. We deliver a higher price value proposition over competing alternatives due to the development of cutting edge products. Our sustainable and profitable growth is a result of robust balance sheet, low gearing and high margins

The agro chemical business is not completely away from risks. We maintain our position globally and derisk the business from slowdown in a particular market. We create multi crop solutions that protects the business from demand slowdown in a particular crop. UPL has a range of products covering various crops across seasons derisks from seasonality. We position our branded products globally that forms 86% of our revenues in the reporting year. We have made lucrative acquisitions that drive faster growth. We cover the complete value chain from seeds to post harvest solutions making us a one stop shop.



UPL is driven by the singular objective of enhancing agricultural viability the world over



We are amongst the top 3 post-patented agrochemical companies in the world, with presence in 124 countries. We deeply believe in innovation for change and pursue R&D and testing with 388 global product patents filed. The products and global presence have indeed become a strong reason for our growth. The global presence has become a growth driver for the company. The company is present in all major markets and has manufacturing locations to supply crop solutions globally. India's economy is expected to grow at 7.9% in 2016-17 and 8% in 2017-18 as per World Bank estimates.

As an enabler for farmers to protect and increase the yield of their produce, we have a significant role to play in helping grow the nation's economy. We are cognizant of the impact we have in providing not only a means of livelihood for farmers, but also nutrition and sustenance to millions of citizens in the country and across the globe. Our vision is to ensure sustainable agricultural growth and rural prosperity while also meeting the growing population demands of the country. Following on the Honorable Prime Minister's Make in India initiative, we are proud to have built brands all across the value chain and relentlessly innovating and creating game-changing formulations like Satellite CS, Eros WDG, Lifeline SL, and Unizeb Gold.

Our revenues grew by 16.8% to 17,123 crore, which was higher than the growth of the global crop protection chemical industry. Our EBITDA grew 26.5% from 2,711 Crore in FY2015-16 to 3,429 crore in FY2016-17; our net profit, improved by 83.8% from 940 crore to 1,727 crore, which was among the few instances of profit accretion among the world's largest generic crop protection chemical companies.



For the year 2017, the monsoon in India is predicted to be normal. This shall improve farm and economic growth, and increase agricultural production in the country. The Indian economic growth is on higher trajectory. The reforms undertaken by the Central Government, in this regard, are most laudable and should result into overall improved performance in all the sectors. In this year's Union Budget, the government has announced a number of proposals which will result into improvement in credit flow to farmers, increase in irrigation average crop insurance and giving boost for farm incomes. The Government initiatives for irrigation will result in higher crop yields and water security. With these measures the income of farmers will increase, leaving them with higher disposable income and this in turn will benefit all agri-input companies.

We are also exploring new markets for its products. It is gaining a foothold in African market. Latin American market also looks very promising for our Company's products. Overall we expect the coming year to be very promising.

We faced a slight delay in our collections however and this was attributed to the changing landscape of banking brought about by demonetization. On the negative side we also witnessed a decline in seed sales as compared to last year. We are committed to not only generating economic value but also retaining it with the long-term outlook of growth and sustainability.

We have an internal audit team that ensures the adequacy of incumbent monitoring systems and evaluation systems. The voluntary appointment of professional consultants is done to check the shortcomings of the systems and thus, improve on the same. We have defined in detail, various policies and procedures for conduct of the business to safeguard the assets of the Company, maintenance of accurate and complete accounting records, making available from time to time management information and prevention and detection of fraud and errors.



## Material Sourcing and Management

Implementation of Green Procurement program

Signatory to Responsible Care initiative of Indian Chemical Council

Under Rotterdam Convention, UPL does not manufacture any banned products.

### Management Approach

We use best in class machinery and technology for our business operations. By doing so, we are able to maximise our production output while simultaneously ensuring we consume resources in a sustainable manner. We are interested in every opportunity that progresses the organisation towards a sustainable future. To promote sustainability in our products and operations, we are a signatory to Responsible Care initiative.

Responsible Care is a voluntary care initiative developed autonomously by International Council of Chemical Associations. The initiative is aimed at driving continuous improvement and achieving excellence in Environment Health and Safety and Security performance.

Responsible care empowers companies to continue to strive for innovative ways to contribute to the vision of the World Summit on Sustainable Development that, by the year 2020, "All chemicals will be produced and used in ways that minimise risks for human health and the environment." The company believes in ensuring sustainability and participates in industry platforms that guide its operations towards responsible material usage, innovations that enable sustainability and activities to avoid emissions.

### Material Sourcing

In an industry environment, where 86% of the revenue comes from branded products, material sourcing and management is a significant function to control costs and make the operation more reliable. The material sourcing department works extensively towards usage of practices that improve reliability of our supply chain and caters to demand of our customers. We have identified "strategic raw materials" that comprises of top 50 raw materials procured by our company. We focus on the key drivers of price and supplies of these raw materials.

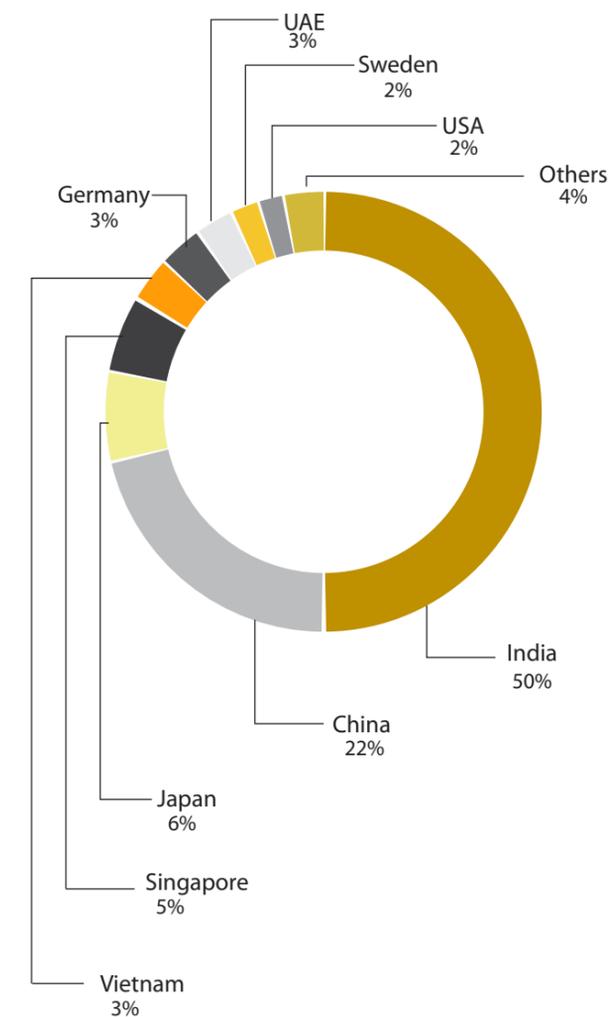
Some of the activities considered by the sourcing team to ensure efficient procurement are:

- Study the supply dynamics of industry raw materials. Identify the right source, globally, to ensure the most cost effective, sustainable, lead time efficient quality source.
- Evaluate the price trends and influencers of price that affect the procurement of the commodity by the company. Study the cost drivers for the strategic raw materials.
- Decide on the right timing and duration for contracting prices of the raw materials from either spot coverage to long term contract, basis the market situation and outlook.

Material sourcing department adds to the sustainability of the company. At UPL, we consider each aspect of material sourcing and support the development of policies that are aligned with business goals. While, forming policies we consider the interest of various stakeholders involved in the process. We practise a supplier evaluation methodology using a detailed audit process and a balanced scorecard that helps us identify the right suppliers to deal with as well as measure their ongoing performance to ensure their supply and service is aligned to the needs of the company and our customers. We have been focused on promoting the procurement from local suppliers under the 'Make in India' program.

We believe in building local capabilities and ensure that our purchases majorly come from the local industry. This not only supports the livelihood of the communities we engage with but also empowers them increasing their competitiveness and enhances quality of their products. This reporting period about 50% of our vendors were local (India). The percentage break down of spending on local and global vendors is given in the adjacent figure:

Percentage of spending on local and global suppliers





### Sourcing and Sustainability

At UPL, we are interested in exploring various opportunities that make our operations more sustainable. We sell the by-products resulting from our manufacturing processes and supply them to the industries that can utilise them. Our products are specialised and of high quality, so we do not make use of any recycled raw materials in our manufacturing. We presently do not have data related to the packaging materials used for our products, however, we use plastics and corrugated materials for packaging that may be recycled in future. Our primary scope for data collection related to environmental parameters has been within our company, from our factory locations; which we shall extend further to cover our suppliers, in future.

The Green Procurement Program is responsible for ensuring that raw materials for packaging are all sourced through sustainable sources. In this regard, above 90% of the input material is sourced sustainably. Under this program, we gauge the proximity of the vendor to the plant so as to decrease our carbon footprint. We take stock of our footprint with respect to packaging, use of corrugated paper as well as recycled material. Thus the focus on environment does not just remain at the procurement phase. Some waste elements undergo 100% recycling (Ammonium Chloride, Ammonium Acetate, and Methyl Chloride). The others which are not recycled are treated before disposing. Some by-products are also sold to allied industries.

Additionally, we promote procurement from local and small vendors for our operational activities. For instance we acquire uniforms for our workers and boiler suits from a women Self-Help Group (SHG's) called Sharda Mahila Vikas Society. Among others, the packing material is also sourced from local vendors for supply of Plastic bottles, Laminated films, Corrugated boxes, Labels, Leaflets, HDPE Woven bags, Fibre-board drums.

While enlisting a new vendor a joint visit is made by representatives from Purchase, QA and technical department. The new vendors are assessed on parameters such as pricing, quality and purchase details and eventually on HSE, sustainability, compliance with labour laws etc. These assessments are scored and vendors qualifying the criteria are taken on board. Once on-boarded, suppliers are required to adhere to the Supplier Code of conduct.

### Supplier Code of Conduct

This code guides us to identify and foster relationships with suppliers that believe in and adhere to values similar to ours. It is critical that our suppliers comply with all local labour laws, environmental laws and essentially establish good work place policies. The code encompasses all suppliers of goods and services to UPL and its affiliates worldwide, including suppliers, contractors, contract manufacturers, toll-manufacturer and joint venture partners with whom we share a contractual and commercial relationship.

The core principles of this code are ethics, confidentiality and safeguard of intellectual property, compliance with relevant laws and regulations, ensuring well-being of employees, ensuring health and safety of employees, strict policies against sexual harassment and human rights provisions, avoidance of conflict minerals and procurement from civil war zones.

### Vendor Audit

We bolster the Supplier Code of Conduct through vendor audits to ensure the adherence of the vendor practices with our policies and values. These audits score vendors on criteria including purchase systems, status of environment and energy management certifications, health and safety standards. We assess their waste streams, effluent treatment plants, hazardous systems control, inventory control systems etc. Additionally, we also understand their mechanisms to address customer satisfaction. Thus Vendor qualification criteria is inclusive of analytical tests, labelling, traceability, process control system, Quality Management Systems (QMS) and Safety, Health and Environment(SHE).

We believe knowledge management is central idea for the development of the successful sourcing strategy. The development of sourcing team is undertaken by the Purchase academy. The activities and programs are aligned to develop a knowledge base that helps the organization to meet its objectives. The vendor evaluation for the supplies to our locations is done based on per decided criteria. The decisions are made based on the price and quality of the suppliers, while, we also consider EHS, sustainability and labour law while deciding on accepting them as suppliers. We develop local suppliers in Gujarat to promote local sourcing that helps us reduce carbon footprint of our procurement.

**Procurement Mission**

One global procurement team with best practices and technical expertise. Delivering outstanding value and cost leadership to our business through sustainable efficient and reliable procurement

**Procurement Academy**

In order to streamline the process of procurement, we at UPL have launched the Procurement Academy. It focusses on various components of procurements including learning, knowledge sharing, data on commodity prices, relevant strategies, growth and innovation to name a few. Our business alignment, quality and services act as the prime enablers of the model. Supply partners, procurement team, technical expertise and systems and processes facilitate the working of this model.

**Procurement Mission**

One global procurement team with best practices and technical expertise. Delivering outstanding value and cost leadership to our business through sustainable efficient and reliable procurement.

**Performance 4X4**

- Support topline of \$4 Billion NSV
- Cost initiatives to help achieve 23% EBITDA target
- At constant working capital through inventory and payables management

**Global procurement**

- Global procurement organisation
- Global category management structure
- Global procurement policy processes systems

**Team health**

- Professional team high on capability
- Aligned to the organisation objectives
- Respected within and outside the organisation



**Performance Data**



Category wise quantity of material purchased (Tons)

<b>Formulation</b> 25,013.23	<b>Fuels</b> 82,309.94	<b>Inorganic</b> 2,90,160.90	<b>Metals</b> 2,165.37
<b>Mineral</b> 36,646.56	<b>Organic</b> 74,045.95	<b>Other RM's</b> 24,744.34	<b>Technicals</b> 1,106.68

**Grand Total: 5,36,210.97**

# GRI Index

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\* Non GRI Aspect

# Abbreviations

4R	Reduce, Recycle, Reuse, Reprocess	MIS	Management Information System
AKC	Adarsh Kisan Centre	MMT	Metering, Monitoring & Targeting
BRR	Business Responsibility Reporting	NBC	National Burns Centre
COD	Chemical Oxygen Demand	NGO	Non Governmental Organisation
CPCB	Central Board of Pollution Control	OHSAS	Occupational Health and Safety Assessment Series
CSR	Corporate Social Responsibility	PHA	Process Hazard Analysis
DSC	Differential Scanning Calorimetry	PPP	Public Private Partnership
EBIDTA	Earnings before interest, taxes, depreciation and amortisation	PSR	Plant Safety Representative
EMS	Environment Management System	QA	Quality Assurance
ERT	Emergency Response Team	QMS	Quality Management Systems
ETP	Effluent Treatment Plant	R&D	Research and Development
FAO	Food and Agriculture Organisation	RO	Reverse Osmosis
FY	Financial Year	SDG	Sustainable Development Goals
GDP	Gross Domestic Product	SEBI	Security Exchange Board of India
GHG	Greenhouse Gas	SEWA	Self Employed Women's Association
GIDC	Gujarat Industrial Development Corporation	SHG	Self-Help Group
GRI	Global Reporting Initiative	SMS	Short Message Service
HAZOP	Hazard and operability study	TDS	Total Dissolved solids
HR	Human Resource	TTP	Technology Transfer Package
HSE	Health Safety Environment	UN	United Nations
HSEMS	Health, Safety & Environment Management Systems	WBCSD	World Business Council for Sustainable Development
ISO	International Organisation for Standardisation	ZLD	Zero liquid discharge
JVs	Joint Ventures		
LOPA	Layer of Protection Analysis		



**UPL Limited | Sustainability Report 2016-17**

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