



ENVIRONMENT, SOCIAL, AND GOVERNANCE
ESG

TABLE OF CONTENTS

03

Leadership Message

Message from the Managing Director

05

About ELGi

Global presence

ELGi overview

Collaborations

Awards and Recognitions

10

About the Report

Reporting Boundary

Data Management

Approach to Materiality

11

Sustainability at ELGi

Sustainability Roadmap

Aligning with the UN Sustainable Development Goals

18

Stakeholder Engagement and Materiality

23

Risk Management

Corporate Governance

Committees of the Board

Policies

Ethics and Compliance

29

Sustainable Business

Economic Performance at a glance

Manufacturing Excellence

Research & Development

33

Always Responsible

Resource Neutral Operation

Product Stewardship

Always Better for Customers

44

Always Reliable

Human Rights

Socio-economic Compliance

Diversity and Inclusion

Talent Development

Learning and Development

Employee well-being

Corporate Social Responsibility

Occupational Health and Safety

59

Always Resilient

Sustainability Governance @ ELGi

Extending ESG to supply chain

Accountability to stakeholders

LCA to address customer centric products

62

Way Forward

63

GRI Index

LEADERSHIP MESSAGE



Dr. Jairam Varadaraj
Managing Director

Dear Stakeholders,

At ELGi, we believe in being #Always Better for our people, customers, the environment, and the community. We place Purpose at the core of our business strategy with a clear understanding of how our actions impact our stakeholders. If we shift our own behavior, we can trigger the change necessary for our planet, our environment, and humanity every day. For over 62 years, this thinking has helped us prioritize our People, Products, and Processes, focus on generating sustained profitable growth, stay relevant in a rapidly evolving world, and deepen ties with all our stakeholders.

Our emphasis on Purpose has prompted us to embrace the Environment, Social, and Governance (ESG) approach to sustainable business. I am pleased to present our first sustainability report, with a primary focus on the environment, our people, and the community.

☉ Environment:

The climate crisis is manifesting worldwide in unprecedented ways, and its risks are becoming increasingly apparent to humanity. As a business, we are responsible for making the world a better place. We have taken a long-term view of the challenges

and opportunities that the climate crisis presents for ELGi and formulated a sustainability roadmap to help us navigate a complex business landscape in the foreseeable future.

As our business grows, so does our requirement for energy. We have implemented energy efficiency measures to minimize the carbon footprint of our operations. We harness renewable energy to meet a portion of our energy requirements and are working to enhance the share of green energy in the overall energy mix. ELGi's environment-friendly, oil-free, and electric compressors are creating new standards in their segments as they deliver industry-leading performance backed by reduced energy consumption and maintenance costs. They also support our customers' efforts to achieve their carbon emission reduction goals.

The world faces growing water scarcity, posing a significant challenge to people, businesses, and the global economy. Being cognizant of this reality, we have prioritized optimal resource management, installing water reuse systems that help us manage the resource judiciously and ensure it is available for communities around our operations.

◎ People and Communities

At ELGi, we believe in treating people within and outside the organization with respect and trust. As an organization that is transforming rapidly, our people are a vital element in our growth story. We continuously endeavor to develop a work culture guided by our values while we remain committed to prioritizing the overall development, health, and well-being of our people and business associates. We strive to create an employee-centric work culture across the organization and a workplace that is safe and free of accidents. Human Rights and Diversity and Inclusion are areas we continue to pay attention to through different people-related initiatives as we evolve.

We are committed to making high-quality education accessible to underprivileged children on the community front. Our CSR initiative, the ELGi school, has provided state-of-the-art education facilities over the years, ensuring the students have access to better opportunities and a better future.

◎ Financial Performance

Our financial performance in FY 2021-22 received a fillip from global demand, with economies re-opening as the pandemic abated. ELGi's teams focused on implementing key strategic initiatives in target markets, contributing to the company's sales revenue of INR 25,247 million. However, across regions, our margins came under pressure as material costs increased with the rise in input costs. The net debt remained similar to the previous year. Details of our financial performance and investments are available in our Annual Report [Financial Reports & Results - Elgi Equipments Ltd](#)

As you read through our goals and targets, I invite you to share your feedback and thoughts with us. We look forward to enduring relationships on our journey to be #Always Better. Together.

Best wishes,
Dr. Jairam Varadaraj

ABOUT ELGi

ELGi is one of the world's leading air-compressor manufacturers, committed for over 62 years to delivering world-class sustainable compressed air solutions. With direct presence in 29 countries and a global footprint spanning over 120+ countries, our state-of-the-art manufacturing facilities in India, Italy

and the USA power a 400+ strong product portfolio. Over the years, ELGi has earned worldwide accolades for designing customer centric, sustainable compressed air solutions which form the life source of today's modern industries.



ELGi's definition of Always Better is closely coupled with always being the customer's choice i.e., developing products with the best Life Cycle Cost (LCC) for every customer, guaranteeing best-in-class uptime, redefining reliability via providing customers with robust warranty periods and driving cost leadership through technology rather than resorting to a low wage model.

We are steadfast in our purpose of remaining #alwaysbetter for the environment and ensuring our employees, customers, and the community benefit from a healthier, greener ecosystem.

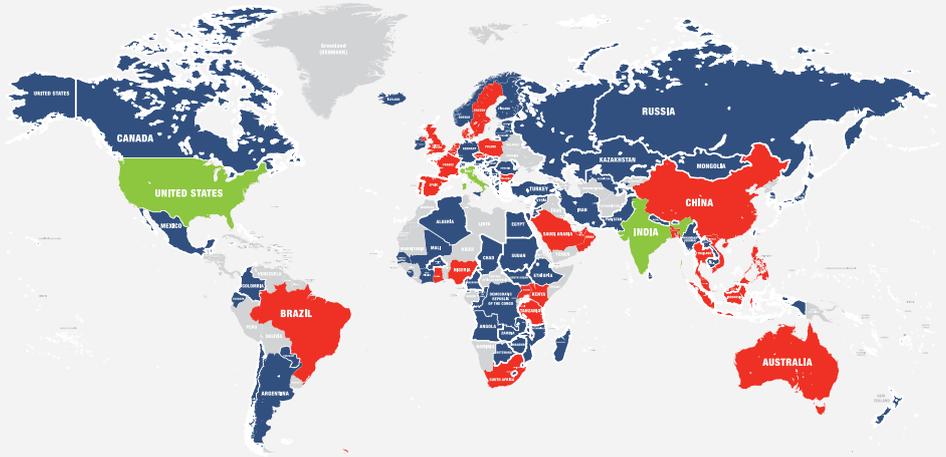


Global Presence

120+
COUNTRIES WHERE
ELGi DOES BUSINESS

29
COUNTRIES WITH
DIRECT PRESENCE

03
COUNTRIES WITH
MANUFACTURING
PRESENCE



350

Distributors
Worldwide

2000

Employees
Worldwide

2+ Million

Compressors

1 Million

Square feet of
Factory Space

Global Subsidiaries



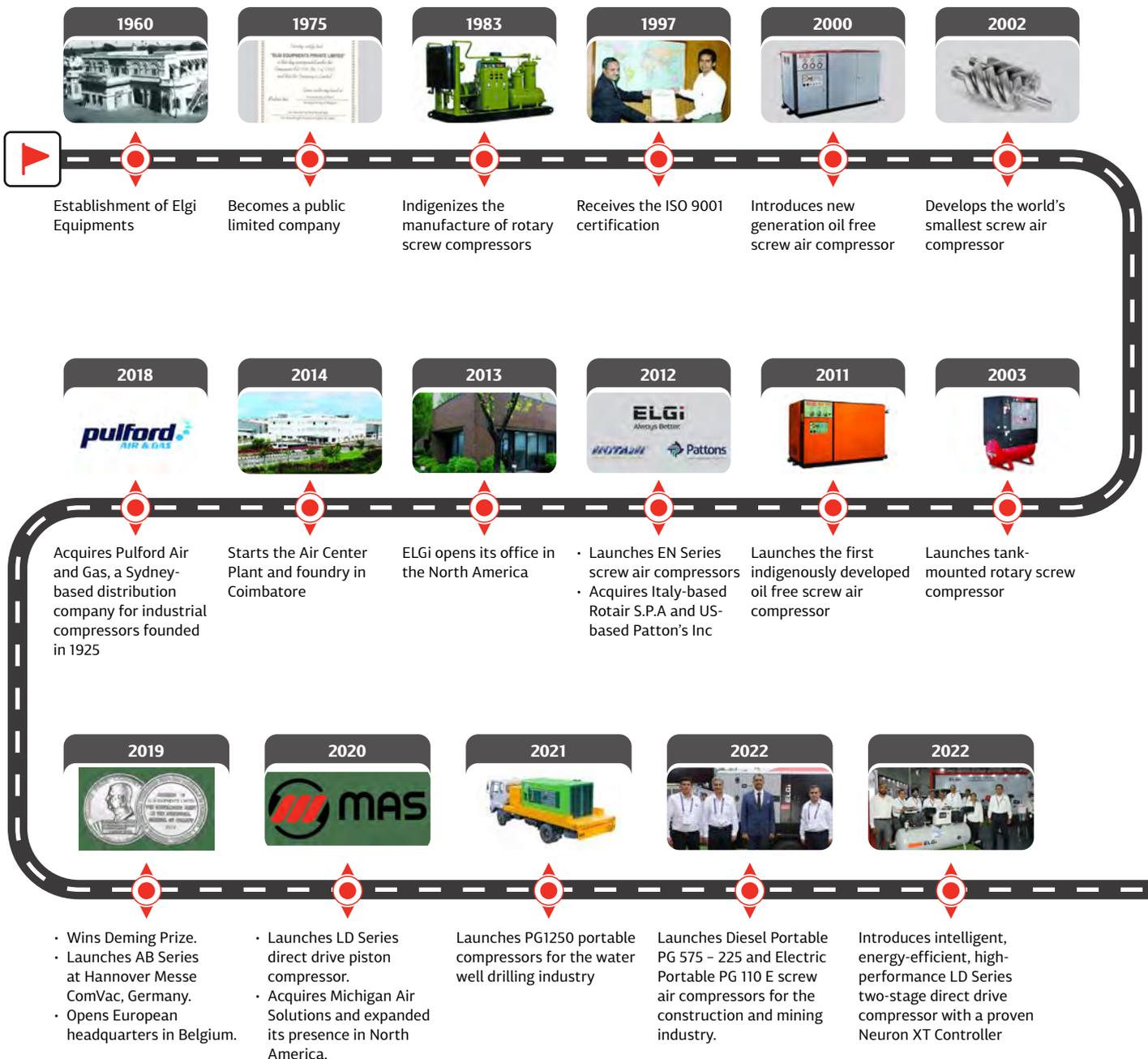
Joint Ventures



ELGi Overview

Ever since its inception in 1960, as a reciprocating air compressor and garage equipment manufacturing company, Elgi Equipments Limited has achieved distinction around the world as a leading air compressor manufacturer with a variety of innovative products. Today, ELGi is possibly the only air compressor manufacturer globally manufacturing proprietary air ends, pressure vessels, castings, motors, and conducting complete machining and compressor assembly. With a portfolio of more than 400 products, ELGi's compressors

serve a global customer base across a broad range of industrial applications including manufacturing, food & beverage, construction, pharmaceuticals, and textiles. ELGi's compressed air solutions include oil-lubricated and oil-free rotary screw compressors, oil-lubricated and oil-free reciprocating compressors, and centrifugal compressors to dryers, filters and downstream accessories.



Collaborations

ELGi deals with several trade and commerce associations. Through these collaborations, ELGi is able to project its expertise in the domain, create and assess

benchmarks, and influence policy discussions in the forum. The major associations include-

 Confederation of Indian Industry

 Indo Italian Chamber of Commerce and Industries

 Indo Australian Chamber of Commerce

 Indian Chamber of Commerce and Industries

 Indo German Chamber of Commerce and Industries

 Coimbatore Chamber of Commerce

 Indo Australian Chamber of Commerce and Industries

 Compressed Air Association of Australia

 Compressed Air and Gas Institute



Awards and Recognitions



Deming Prize - 2019

With the inception of ELGi’s Conquer K2 vision to become a significant global player in the compressor industry, ELGi’s strategy required focus on technology, innovation, and continuous improvement. The TQM (Total Quality Management) was adopted as a strategy and management philosophy. Adoption of TQM delivered the momentum in achieving ELGi’s goals over the decade. ELGi was awarded the renowned Deming Prize in 2019 for leveraging the use of TQM (Total Quality Management) across the organization. Being one of the awards of highest recognition on TQM (Total Quality Management) in the world and since its establishment in 1951, the Deming Prize has been awarded to 251 organizations globally. ELGi has become the first industrial air compressor manufacturer, with an established presence across the world, outside of Japan, to win the prestigious award in over 60 years.

CII Design Excellence Award in Industrial Design

Design thinking is at the core of ELGi’s effective strategy development. With the belief that innovation has evolved from being engineering focused to design focused and from product centricity to customer centricity, ELGi went on to develop the AB ‘Always Better’ series, a disruption in oil-free compressed air technology which won the CII Design Excellence Award at the CII Design Summit, held in Goa in the Industrial Design, capital goods category. Endorsed by the India Design Council, the CII Design Excellence Awards had shortlisted over 46 products across criteria ranging from innovation to user friendliness, aesthetics, coherence, and sustainability.



Best Innovation Award for Its Portable Screw Air Compressors for Waterwell Industry

As part of an event organized for recognizing 25 outstanding achievers in the industry, The Engineering Excellence Award 2022 went to Elgi Equipments Limited for Best Innovation in Portable Screw Air Compressors for the Waterwell Industry.



Brand Coimbatore Ambassador awards

ELGi was awarded ‘The Iconic Brand of Coimbatore Award 2016’ at the Brand Coimbatore Ambassador awards ceremony organized by The Indian Chamber of Commerce and Industry along with the Advertising Club of Coimbatore.



ABOUT THE REPORT

Sustainability is embedded in ELGi’s business practices and in this maiden sustainability report, ELGi shares its environmental, social and governance/economic (ESG) performance for the financial year 2021-22 (1 April 2021 to 31 March 2022). The report is developed in accordance with the ‘core’ criteria of the Global Reporting Initiative (GRI) Standards. The GRI Content Index is provided at the end of the report.

The GRI Standards comprise globally recognized sustainability reporting requirements that enable businesses to report sustainability performance and impacts in a way that is consistent and comparable across businesses. They comprise specific standards for Economic, Environmental and Social impacts and represent the information needs of stakeholder groups such as investors, regulatory bodies and governments, industry bodies, policy framers etc.

Reporting Boundary

Our sustainability performance includes disclosures from the organization’s Indian as well as global operations in the United States and Italy.

Data Management

We have leveraged internal control mechanisms to ensure that the information presented in this report is valid and accurate. These mechanisms include periodic reviews, audit trails, a review of assumptions made and the conversion factors used in providing data in a consistent fashion.

Approach to Materiality

ELGi’s sustainability performance considers the topics most material to creating value for its business and for the stakeholders. In order to identify and prioritize material issues, we held detailed discussions with internal and external stakeholders, studied industry trends and referred to ESG requirements of the Business Responsibility and Sustainability Reporting (BRSR, a requirement of the Securities and Exchange Board of India), the UN Sustainable Development Goals (SDGs) and global frameworks.



We appreciate your interest in our sustainability report for FY 2022 and welcome your feedback and queries. Please get in touch with us at:

Contact information for queries:

 Anya Geraldine D’Souza | Vice President, Global Marketing

 anya@elgi.com

SUSTAINABILITY AT ELGi



Sustainability Roadmap

For over 62 years, our definition of #alwaysbetter has been interlinked with driving responsible and sustainable business transformation. ELGi's aspiration christened "Conquer K-2 (CK2)" – to be a leader in the Global Air Compressor Market by 2027, draws inspiration from Mount K2, the second highest peak in the world and arguably, the toughest peak to ascend among the eight thousanders. We believe in continually building on products, process, people and technology to achieve our aspiration.

At ELGi, we exist for a purpose that is beyond making profits; while being cognizant that our purpose cannot be fulfilled without making profits. In line with our mission "Always be *the* choice everywhere" we began, several decades ago, implementing small but significant environmentally, socially and economically responsible initiatives, each, creating a positive impact for our Customers – Employees – Distributors – Suppliers – Investors – Society.

Our sincere commitment to being #alwaysbetter for stakeholders led us to embrace the ESG approach, an opportunity for us to make a difference, protect our planet and ensure the security of our future generations. We believe that to help our customers fulfill their ESG

objectives, we must be a sustainable organization ourselves. We emphasize innovation to develop products that are energy efficient, aid in heat recovery and help reduce carbon emissions, enabling our customers to achieve lower life-cycle costs.

To be a truly responsible corporate requires sustainable practices be embedded in every aspect of our business and that sustainability becomes the default mode of thinking for all our people. In order to attain this, we have conducted a comprehensive materiality assessment and identified key issues to address in our sustainability journey. We have also formulated a roadmap with goals and targets that we aim to meet in specified time frames. The material issues correspond with the Environment, Social, and Governance dimensions and enable us to devote focused attention on aspects that are most important to the business and our stakeholders. Details of the materiality assessment and material issues are available in the section on Materiality, page 18

ELGi's path to enhanced sustainability is guided by our ESG Framework, which rests on 3 key pillars, namely, Product, People and Process. The ESG framework is depicted in the figure below.



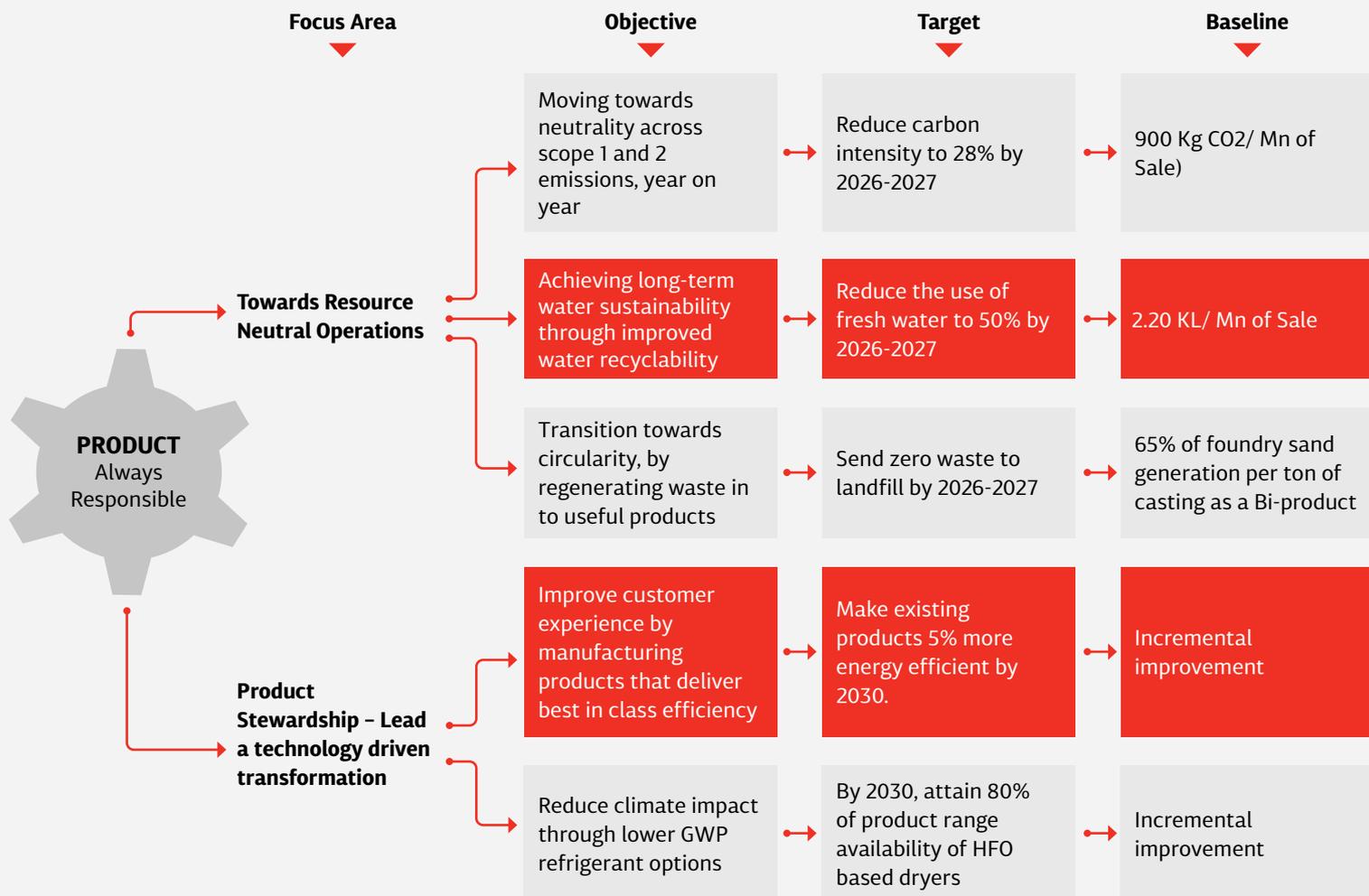
Always Responsible – Product and Technology Innovation

Customer centricity is a key driver of how we do business at ELGi. We are committed to promoting technology led innovation that enables us to right-size compressors for varied industry applications. In turn, our energy efficient products help our customers to maximize efficiency, minimise costs, reduce carbon emissions and lower the environmental impact. By 2030, we aim to enhance the energy efficiency of our existing products by 5%, and intend to increase the share of HFO based dryers in the existing product range to 80%.

Deeply cognizant of the economic, environmental and social implications of the climate crisis, we leverage technology to reduce our own carbon footprint. As early movers, we pioneered renewable energy initiatives over 20 years ago to eliminate GHG emissions in our own manufacturing processes and aim to reduce carbon emissions intensity by about 28% in the next five years/ million of sale.

Efficient resource management is a long-standing aspect of our processes, reflected in numerous measures that enable significant water use and waste reduction in our operations. We have committed to and are working to run resource neutral operations and represent effective product stewardship by the end of this decade. Our priorities are to halve the use of fresh water and reduce waste generated in our processes. We also implement the principle of circularity to steadily increase the utility of process waste and lower the amount of waste sent to landfills.

It is notable that the importance of environmental protection is well understood throughout the organization. This awareness is underpinned by ongoing communication and information dissemination to continuously ensure and enhance environmental consciousness.



Always Reliable-People

Our employees are the bedrock of our sustained progress. Their health, safety and well being are accorded the highest priority. We are working to improve productivity and are building a ‘safety-first culture’ which would ensure zero accidents rate.

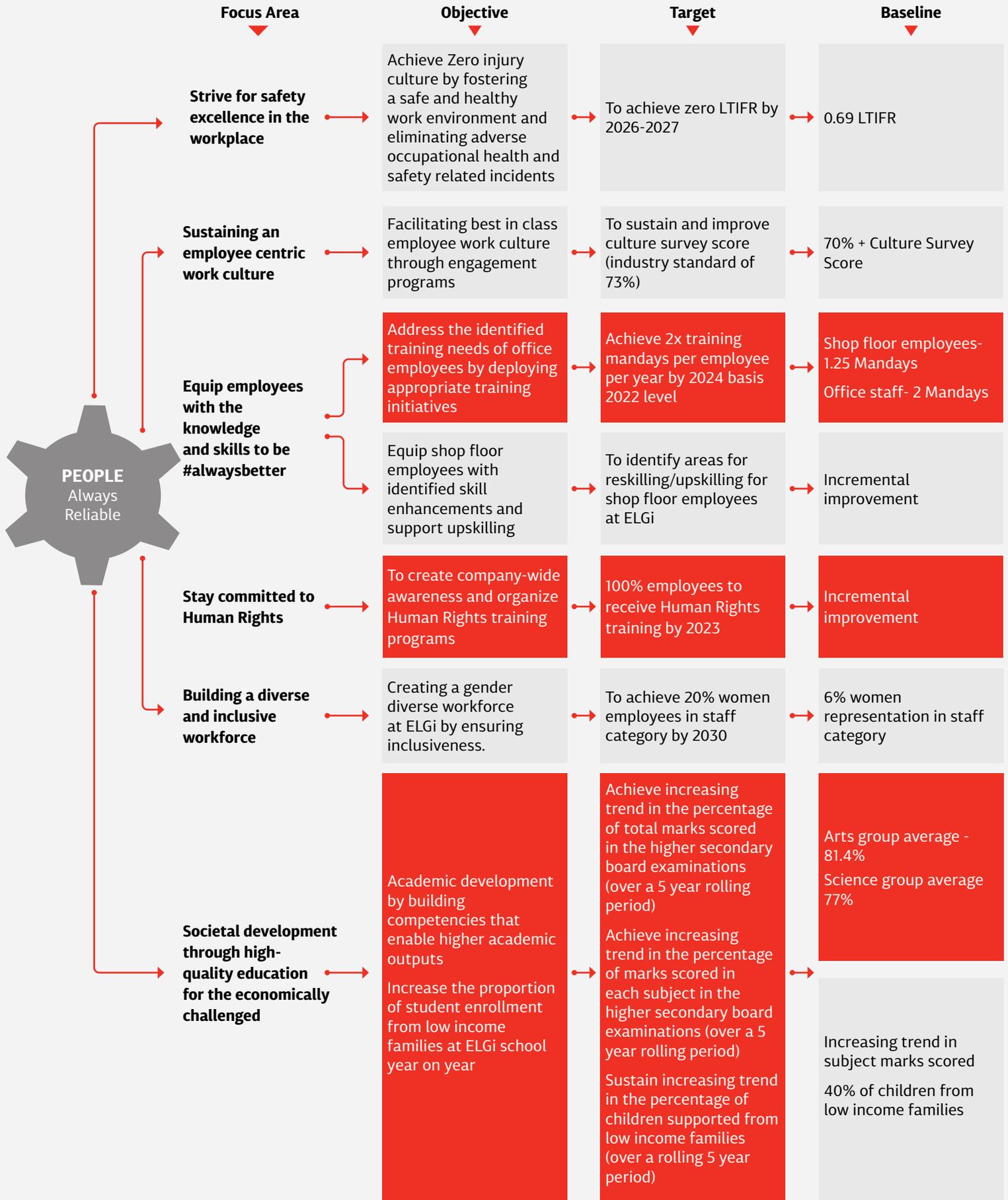
At ELGi, we emphasize fostering a best-in-class, employee centric work culture for all our people across organizational levels. Our efforts are supported by culture surveys and resultant course corrections. These enable us to ensure that employees’ professional and workplace wellbeing needs are comprehensively addressed and that we continue to work towards an improved work culture. We also strive to provide ‘care beyond work’ by providing assistance to our employees as and when required.

We have been engaged in community development initiatives long before CSR was mandated and have steadily increased our involvement and exceeded the compliance requirements on CSR aspects. We continue to bring economically challenged community members into the ambit of our CSR initiatives, especially in education.

We firmly believe in the right to education for all and education as the doorway to being #Alwaysbetter in multiple ways. This belief is reflected in the ELGi Matriculation School, a flagship initiative of the company which makes high quality education accessible to economically disadvantaged students and emphasizes academic excellence as the significant enabler to improved quality of life.

Our emphasis on the social dimension is also demonstrated in the deep interest we take in the professional development of all our employees. Continuous skill and capacity building programs and trainings support talent development. It is envisaged to enable our people enhance their professional capabilities and performance.

Human Rights receives significant emphasis in the organization and is envisaged that by 2023, 100% of our people will have been made aware of its importance and practice through Human Rights training sessions. As an equal opportunities employer, Diversity and Inclusion too will continue to be prioritized and will be reflected by an increase of 20% in the number of women in our workforce by 2030.



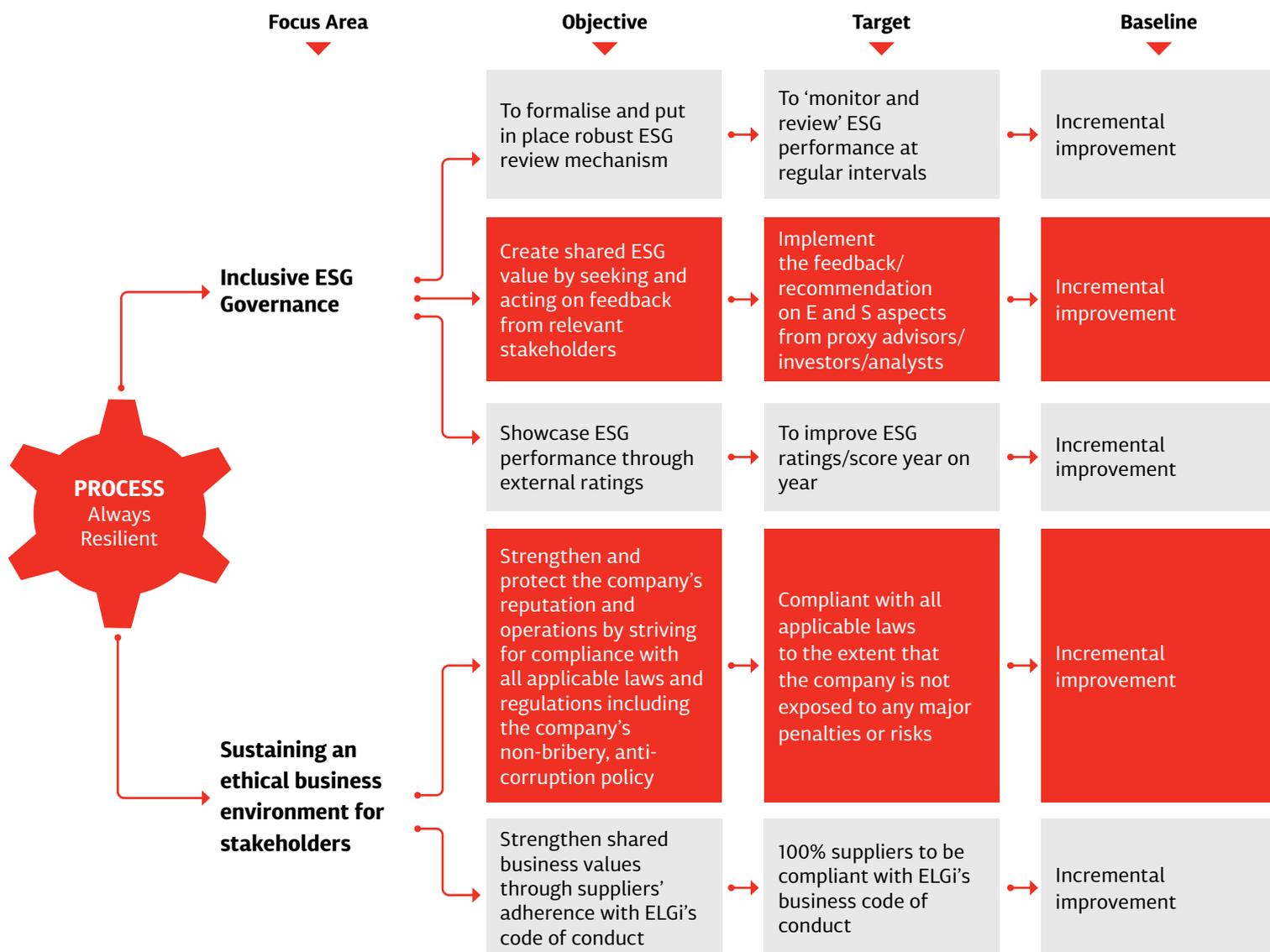
Always Resilient – Process

The phrase successful governance could evoke varied interpretations in different organizations; for us at ELGi, the measure for successful governance is how well each one of us understands our role in the company and contributes to our collective progress. Not only have we instituted practices that encourage the active involvement of personnel at each level, we also engage with external stakeholders to seek their inputs and feedback on key development and topics related to our sustained growth.

We lay strong emphasis on key aspects – accountability, ethics and integrity. We prioritize accountability to our stakeholders and instil its importance and practice throughout the organization by leveraging

communication . In this respect, we have prioritized inclusive ESG governance and are in the process of formulating a model for this. In addition, sustaining an ethical business environment for all our stakeholders will continue to be prioritized as we ensure 100% compliance both with external requirements and internally with our Code of Conduct.

Acknowledging that an organization’s sustainability is reinforced or undermined by its value chain, we are extending sustainability governance to our supply chain partners as well. In tandem with supplier quality improvement programs, we also enact strategy that helps us build a robust supplier base while mitigating the risks of supply chain disruptions.



Aligning with the United Nations Sustainable Development Goals (SDGs)

Our adherence to the ESG approach enables us to contribute to achieving several of the SDGs. Comprising 17 goals and 169 targets, these are a blueprint for global economies, governments, businesses, other organizations and individuals to work towards mitigating the world’s most pressing challenges.

ELGi’s sustainability initiatives align with the following SDGs:



3 GOOD HEALTH AND WELL-BEING

- Lowered diesel consumption reduces diesel particulate matter, solid elemental carbon and organic compounds and thereby eliminates workplace health hazards
- Safe working environment across all operations
- Well-being programs in place to track physical, emotional, and financial wellness of our employees
- Support for Coimbatore Cancer Foundation through CSR programs

- High quality education offered to students of low-income families at a subsidized fee at the ELGi School
- Provide educational support to ELGi employees who want to pursue post graduate studies



4 QUALITY EDUCATION



6 CLEAN WATER AND SANITATION

- Ensure supply of safe drinking water across all operations
- Optimized water usage in equipment and machinery
- Reuse of treated water for plantations and flushing
- Installed infrastructure for rainwater harvesting of 30 million litres

- Increasing the share of renewable energy in the total energy generation
- Implementation of energy efficiency measures
- Developing energy efficient products that would help our customers conserve energy

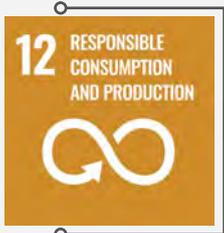


7 AFFORDABLE AND CLEAN ENERGY



- Skill development for youth through the ELGi vocational training school (EVTS)
- Risk mitigation plans to reduce frequency of injuries, near misses and eliminate hazards
- Health Safety Environment training for employees

- Identifying and developing futuristic technologies for product excellence through our “State of the future Art” initiative
- Adopting TQM as a business excellence model, achieved Deming award on TQM in 2019, becoming the first globally established industrial air compressor manufacturer outside of Japan, to win the prestigious award in over 60 years
- Vertically integrated manufacturing systems provide control over design and quality



- Continuous improvement programs on key consumables in the production process
- Recycling and re-usage of hazardous and non-hazardous waste
- Implementing water and energy efficiency measures

- Commitment to develop green facilities: Developed green belts and landscaped gardens at all factory locations, using the Miyawaki technique. Planted more than 100 varieties of native species to promote biodiversity



Being a leading global industry player, we consider it our duty to contribute meaningfully to the SDGs in order to achieve the larger aim of sustainability for the planet and its people. As we achieve the goals and targets we have set for ourselves, we will strive to deepen our contribution and enhance ELGi’s sustainability by working towards increasingly challenging goals.

STAKEHOLDER ENAGAGEMENT AND MATERIALITY

At ELGi, we believe that ongoing interactions with our stakeholders contribute significantly to guiding the Company’s growth trajectory and to creating shared value for all. We use numerous channels of

communication in these engagements through which we update them on the organization’s progress as well as hear their feedback, opinions, requirements and concerns.

Stakeholder group	Engagement channels	Main concerns and topics
Employees	<ul style="list-style-type: none"> ● Internal communication channels including digital platforms ● Skill development programs with external partners ● Total Employee Involvement initiatives 	<ul style="list-style-type: none"> ● Continuous value creation ● Fulfilment of company’s vision and working towards #alwaysbetter life ● Professional capacity building ● Talent attraction and retention
Customers	<ul style="list-style-type: none"> ● Digital platforms and applications ● In - person engagement ● Reference installations ● Feedback mechanisms 	<ul style="list-style-type: none"> ● Product and service quality ● Complaint resolution ● On-time delivery ● Product safety
Dealerships and distributors	<ul style="list-style-type: none"> ● Dealer meets/conferences ● In-person engagement ● Digital engagement 	<ul style="list-style-type: none"> ● Achieving business targets and objectives ● Continuous strengthening of ELGi brand ● Capacity/capability building
Supply partners	<ul style="list-style-type: none"> ● Supplier meetings 	<ul style="list-style-type: none"> ● Ethical business practices ● Sourcing aligned with Sustainable Sourcing Plan ● Capability and capacity building
Local communities	<ul style="list-style-type: none"> ● Corporate Social Responsibility initiatives 	<ul style="list-style-type: none"> ● Enhanced quality of life via improved access to healthcare, education and skill development ● Disaster relief (as required)
NGO partners	<ul style="list-style-type: none"> ● Corporate Social Responsibility initiatives 	<ul style="list-style-type: none"> ● Capacity enhancement ● Achieving CSR objectives
Investors	<ul style="list-style-type: none"> ● Press releases and publications ● Investor conferences ● Annual General Meeting ● Stock Exchange announcements 	<ul style="list-style-type: none"> ● Financial performance ● Business updates ● Growth plans ● ESG performance
Regulators	<ul style="list-style-type: none"> ● Mandatory compliance reports 	<ul style="list-style-type: none"> ● Statutory compliance requirements: governance, social, environmental
Banks	<ul style="list-style-type: none"> ● In person meetings 	<ul style="list-style-type: none"> ● Transparent financial transactions ● Timely repayment of debt

Materiality

Creating sustainable value for stakeholders necessitates that we as an organization address issues that are most important to them as well as align with ELGi's business objectives.

Material issues are those which have a direct or indirect impact on an organization's ability to create, preserve

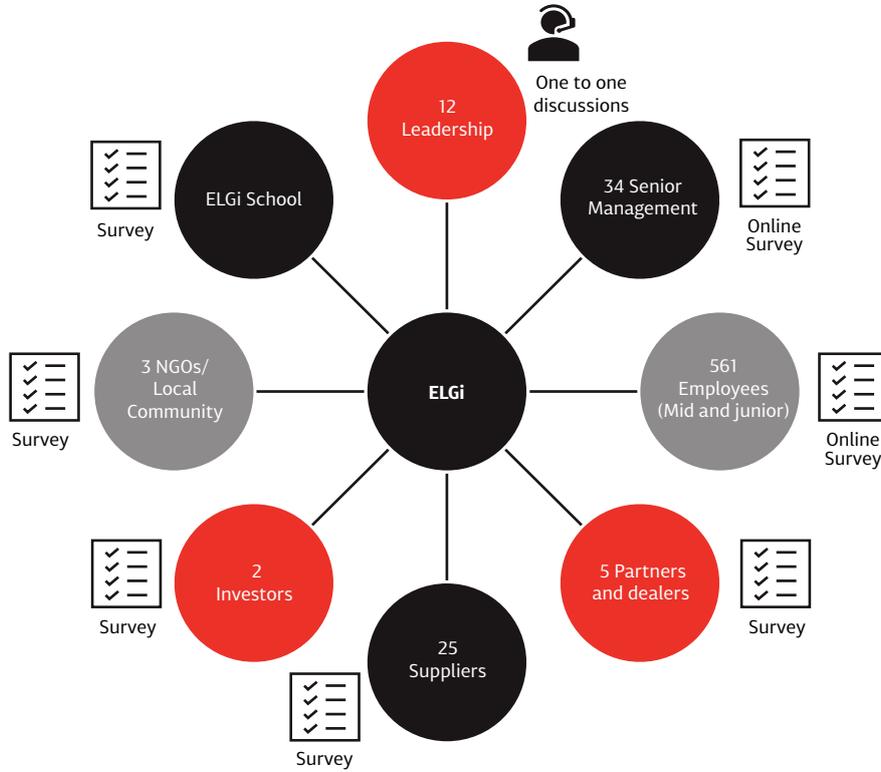
or erode economic, environmental and social value for itself, its stakeholders and society at large. They are determined through a systematic and robust process that involves identifying a universe of material issues followed by in-depth interactions with stakeholders to prioritize them. This process is summarized below.



* ESG standards and the stakeholder groups they represent

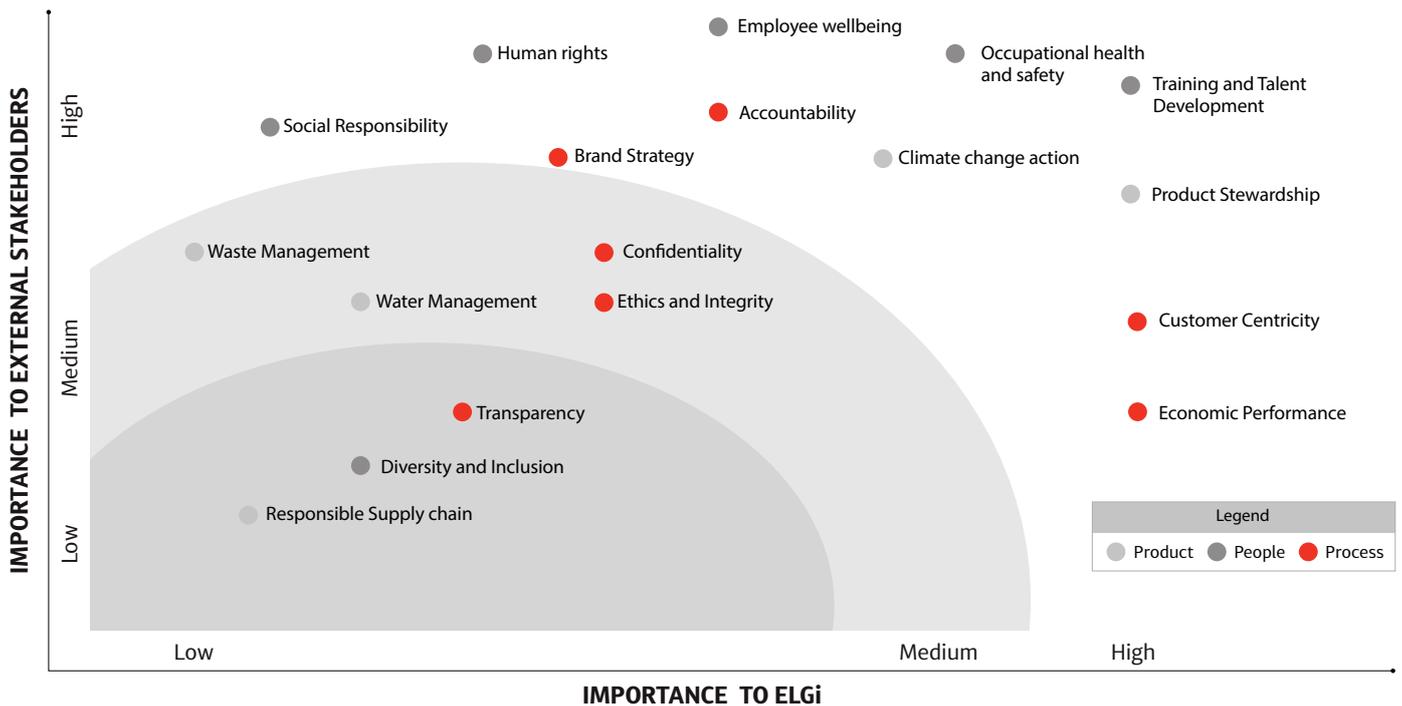
- Investor, supply partner, NGO requirements
- Indian regulatory requirements: Business Responsibility and Sustainability Reporting (BRSR)
- Overall stakeholder requirements: UN Sustainable Development Goals (SDGs)

Materiality survey group



Following the prioritization of material issues, they were then mapped on two axis, namely: *Importance to External Stakeholders* and *Importance to ELGi*, to develop a Materiality Matrix, depicted below.

ELGi materiality analysis



The material issues and their importance to the organization and stakeholders is highlighted below.

	Material Issue	Why it is material	Reference Page No.
Environment	Product Stewardship	We are committed to sustainability in our business and through the lifecycle of the products we manufacture and sell	38
	Climate Change Action	This supports our commitment to reducing emissions from our operations and to contributing responsibly to addressing a pressing global challenge	33
	Waste Management	This represents ELGi's commitment to transitioning to a circular economy and to environmental preservation	37
	Water Management	As a scarce resource, water must be preserved and made equitably available for the continued vitality of businesses, communities and the natural environment	36
	Responsible Supply Chain	A responsible supply chain is integral to our manufacturing sustainable products and in supporting us meet our strategic objectives	60
Social	Social Responsibility	The communities surrounding our operations are key to our continued and sustainable growth and must be enabled to achieve a better life	54
	Employee Wellbeing	Employees' wellbeing is of high priority as they are the bedrock of our continued growth and success. ELGi continue to focus on physical, financial, emotional & social well being of the employees	49
	Human Rights	ELGi believes in upholding the rights and dignity of stakeholders and is committed to these being respected across the entire value chain	44
	Occupational Health and Safety	Providing our people a safe work environment is a priority and a key aspect of our continued progress	57
	Diversity and Inclusion	We promote diversity and equal opportunities for the professional and personal development of our key stakeholders	44
	Training and Talent Development	The professional development of our employees is central to our ability to compete globally and to achieve our ambitions	45

Material Issue	Why it is material	Reference Page No.
Transparency	Transparency in governance and management of the business is key to strengthening the organization's credibility and stakeholder trust	25
Ethics and Integrity	We maintain high ethical standards for the benefit of the business and our stakeholders	28
Accountability	We believe that top-down accountability for performance plays a key role in operating to high standards of excellence	25
Governance Customer Centricity	Customer orientation is critical to sustained business relationships and to achieving our business ambitions	43
Brand Strategy	#Alwaysbetter represents our ambition to grow ELGi into a leading global player	5
Economic Performance	Robust financial fundamentals and consistent profitability are essential to our continued resilience and expanding global footprint	29
Confidentiality	Keeping stakeholder information confidential is a key aspect of upholding the human right to privacy as well as our customers' competitive advantage	24

RISK MANAGEMENT

The management of external and internal risks at ELGi is overseen by the Risk Management Committee (RMC), guided by the organization's Risk Management Policy and a well-established risk management framework that helps to identify and evaluate business risks.

Through a detailed process of deliberation, ELGi's operating management has mapped the top 10 risks as either gross or net, prioritized them and subsequently

sought the Board's inputs on mitigation plans. The RMC engages in the process of risk identification and has laid out a reporting process to update the Board on the progress of risk mitigation initiatives.

The top 10 risks identified for ELGi and the plans for their mitigation are summarized below; detailed information can be found on Pages 29-32 of our Annual Report for FY 2021-22.

Risk Category	Risk Summary	Response/ Mitigation Plan/Action
Compliance Risks	Non-compliance with legal and regulatory requirements have severe consequences for the company	<ul style="list-style-type: none"> Improved process for compliance and use of technology to monitor compliance globally. Compliance status is periodically reported to the Audit Committee and Board Legal support taken to develop a compliance list for newly established entities/ subsidiaries
Human Resource Risks	Gaps in talent attraction and retention can adversely impact revenues and profitability	<ul style="list-style-type: none"> Strengthened talent acquisition process and investment in the talent development model. The company has transitioned to a decentralized compensation decision mechanism
Economic and Market Risks	Our global operations are influenced by the economic and market conditions of the respective geographies	<ul style="list-style-type: none"> Geographically diversified operations Customer base is represented by diverse industry sectors
Growth Risks	Unsuccessful acquisitions, joint ventures and investments can adversely impact operating results	<ul style="list-style-type: none"> Follow a well-established process of due diligence including external expertise while entering new ventures
Strategic Risks	Business continuity is at risk from natural calamities and unanticipated events	<ul style="list-style-type: none"> Disaster management plan is in place; this is periodically refined to address changing requirements The company's business is appropriately insured Effective cost and cash flow management to ensure business continuity

Risk Category	Risk Summary	Response/ Mitigation Plan/Action
Supply Chain Risks	Business stability is risked with concentration of manufacturing in a single location and reliance on one or few suppliers	<ul style="list-style-type: none"> ● ELGi is exploring the possibility of geographically diversified manufacturing and assembly operation in India and abroad ● COSMOS, a new initiative in operational cost optimization implemented ● Supplier base being reviewed and expanded and a global supply chain being put into place ● Strategic and selective backward integration for most critical parts to be manufactured in-house
Information Technology Risks	Cyber security risks could disrupt the company’s technology systems, infrastructure, and networks while gaps in data protection could result in non-compliance with applicable regulations	<ul style="list-style-type: none"> ● Critical elements are being systematically shifted to the Cloud. ● Latest technologies deployed to minimize cybersecurity risks and potential harm to IT systems ● Annual IT Security audits are carried out and the company is considering increasing the frequency of these as well as deploying intelligent security monitoring tools and putting in place a policy for global data privacy, aligned with the European GDPR requirements
Financial Risks	Exchange rate fluctuations in the various currencies that ELGi deals in could adversely affect financial performance	<ul style="list-style-type: none"> ● The company implements a strong hedging process and a policy to minimize currency related risks ● Continuous monitoring of relevant exchange rate and adjustment of selling prices and costs ● Ongoing engagement with bankers to work on managing currency risk effectively

Risk Category	Risk Summary	Response/ Mitigation Plan/Action
Environmental Risks	Potential negative impact of climate change and related regulations on the business	<ul style="list-style-type: none"> ● A change in product portfolio is being effected in order to reduce dependence on diesel powered screw air compressors ● ELGi is working to embed the ESG approach across operations; a cross functional team of leaders has been formed to lead this initiative with support from external experts
Strategic Risk	ELGi's dependence on India makes us vulnerable to the economic fortunes of a single geography	<ul style="list-style-type: none"> ● Geographically diverse revenue streams are in place that help to minimize dependence on India ● ELGi's strategic plan for the mid-term and the strategic initiatives are aligned with the goal to diversify the revenue mix.

Corporate Governance

ELGi strives to ensure compliance and adherence to laws and internal regulations with the highest standards of integrity and behaviour. We believe that a diverse and inclusive workforce brings versatility and a variety of knowledge bases. The Company has the right mix of independent and non-independent directors thereby providing meaningful and independent contributions at the board level while maintaining a balance on the Board. Members of the board who also are members of the six committees have varied competencies such as Accounting and financial reporting experience, Risk Management, EHS (Environment, Health, and Safety), Legal, Innovation, R&D, Cybersecurity and more.



Committees of the Board



In compliance with the law and regulations, ELGi’s board comprises of six committees whose terms of reference are defined by the board and composition as mandated by law and regulations. The members of the Committees are co-opted by the Board. We have an eminent and diversified Board to drive transparency and accountability and focus on the sustainable growth over the long-term.

Audit Committee

Acting as the linking connection between the Internal auditors and the Board, the Audit Committee is empowered to choose accounting policies, assess reports of statutory and the Internal auditors and

engage with them on discussions related to their findings and suggestions. The Audit Committee can also recommend appointment of Statutory Auditors and decide on their remuneration.

Nomination and Remuneration Committee

This Committee is responsible to assess and determine the Company’s policy on remuneration packages of the Executive directors and Senior Management while preparing the criteria to identify and appoint directors

based on their qualifications, positive characteristics, and independence. The committee is also authorized to evaluate performance of directors and recommend remuneration policy for all levels.

Stakeholders Relationship Committee

The Committee is responsible to look after issues pertaining to stakeholders such as redressal of investors’ complaints related to transfer of shares, non-receipt of annual reports, dividend payments, and other complaints. It can also approve transfer,

transmission, transposition, name deletion and issue of duplicate share certificates. The Committee also oversees issues such as status of dematerialization/ re-materialization of shares and look after processes to track investor feedback.

Risk Management Committee

The Committee monitors and reviews ELGi’s risk management plan while identifying the top risks that could affect the company. The committee has recently implemented cyber security measures to upgrade its

systems and ensure that the data is under protection. The committee is also monitoring Internal processes such that they comply with ISMS (Information Security Management System) standards.

Corporate Social Responsibility Committee

The responsibilities of the committee include the following

- To draft CSR policy and provide recommendations on the activities to be undertaken as per Schedule VII

- To provide recommendations to the board on the amount of expenditure to be made on the activities mentioned in Clause A

- To ensure regular monitoring of the CSR policy

Compensation Committee

The Committee is responsible to undertake functions as per the Elgi Equipments Limited

Employee Stock Option Plan 2019.

Policies



Apart from the various committees that oversee the governance of the Company, there are a set of well-established policies that guide everyday functioning and engagement with internal and external stakeholders.

List of Policies

- | | | | |
|---|---|---|---|
| 01 Quality policy | 02 Health, Safety and Environment policy | 03 Energy policy | 04 Board Diversity policy |
| 05 CSR policy | 06 Policy on material subsidiaries | 07 Code of conduct to regulate, monitor and report trading by designated persons | |
| 08 Related party transactions policy | 09 Whistle Blower policy | 10 Policy for determining materiality of events | 11 Dividend policy |
| 12 Remuneration policy | 13 Document retention policy | 14 Policy and Procedure for Inquiry into leak or suspected leak of UPSI | 15 Code of fair disclosure of UPSI and Conduct |
| 16 ELGi Code of business conduct and business ethics | 17 Anti-bribery and Corruption policy | 18 Supplier code of conduct | 19 Human rights policy |

Details of our policies are available at: <https://www.elgi.com/in/policies/>

Ethics and Compliance

We at ELGi believe that ensuring fairness, integrity and compliance to regulations are essential components for growth and sustainability of the organization. To enhance stakeholder’s value, ELGi has a dedicated code of conduct including a defined set of guidelines for business ethics, legal compliance, and professional conduct. Our code of business conduct is supported by a Whistle blower policy to ensure that unethical practices violating the code are brought to light and dealt with. Using a platform meant to report against such violations, employees can share complaints to the Managing

director or Director (HR). The audit committee reviews any such complaints whether received, redressed, objected, withdrawn, for every quarter in their meetings.

The company takes care to maintain transparency in practices and procedures through complying with policies and guidelines and regular audits. There is zero tolerance for bribery and corruption. Suppliers are required to sign a code of conduct agreeing to maintain the highest ethical standards and refraining from bribery and corruption.

Sl No.	Category	No. of complaints filed	No. of complaints resolved
1.	Child Labour/Forced Labour/ Involuntary Labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory Employment	Nil	Nil
4.	Whistle-blower Policy	Nil	Nil



SUSTAINABLE BUSINESS

At ELGi, we believe in continually building on the products, process, people and technology to achieve our aspiration. In contrast to other compressor firms that concentrate on core parts, we are a highly integrated company with a distinctive infrastructure. The corporation has coordinated the selective backward integration of its facilities for the sake of excellent quality and delivery. ELGi is also focused on leveraging the latest technologies like machine learning and has its own IOT platforms to deliver innovative advantages to its customers. All these factors make ELGi - Future Ready. ELGi is possibly the only company in the

world that makes its own air ends, pressure vessels, castings, motors and conducts complete machining and compressor assembly.

One of the foundations of ELGi's strengths is its technological capability. Not only the know-how of technology but the know-why of technology pertaining to the core elements and critical parts of the compressor. Partnering with the highest quality vendors from all over the world, ensures we meet the highest quality standards while maintaining a strong competitive edge.

Economic Performance at a Glance

FY22 was a new beginning for ELGi, having registered sales of INR 25,247 Mn at 10.9% EBITDA. With our reliable team members, we have delivered sales and achieved profitability amidst uncertain times in the COVID 19 pandemic. The sales achieved, correspond to the Annual Business Plan (ABP) goals and is in the right trajectory to accomplish the commitments set forth in ELGi's five-year Strategic Business Plan (SBP). In line with net debt and working capital targets, the results validated our investment in strategic business planning processes since FY20. Our teams increased sales by

concentrating resources on strategic initiatives in target markets, which was fuelled by a predominant worldwide demand. We plan to implement procedures to anticipate cost increases, plan commensurate pricing increases, and take additional steps to protect our margins. We made major strategic inventory investments during the year to address the uncertainty in the global supply chain. Working capital was managed with the use of concentrated efforts to maintain an attractive level of accounts receivable. With the year's profits, we kept the net debt almost at the same level as the previous year.

India

With the high demand for critical oxygen generation systems from hospitals during the second COVID wave, it was a strong start to FY'22 in India. Amidst challenging deadlines and supply constraints, our teams worked round the clock to ensure that machines for life saving needs were delivered on time. Owing to the strong industrial demand, market share expanded across all

sectors. Our Go-to-Market initiatives coupled with lead management process led us to converting business from new customers. We also became associated with new customers in oil free segment with our efficient and reliable AB series oil free range offering class zero oil free air.

International markets

Although sales were below expectations, markets in the Middle East and Africa expanded dramatically from the previous year as COVID limitations loosened. In the UAE, as part of our direct marketing strategy, we prioritized on raising our brand recognition. South Africa and Saudi Arabia will benefit greatly from our business activities in the countries. Due to high demand in Bangladesh and our efforts to increase brand recognition in important

industries like textiles, we saw an increase in sales there.

Through FY'22, ELGi North America experienced high demand across all industries. Strong sales and market share increases were recorded by ELGi Industrial, our OEM division, which distributes ELGi industrial compressed air products to channel partners across the USA.

International markets (Cont'd)

In FY'22, ELGi Europe and Rotair exceeded our expectations in terms of sales and profitability. Strong sales came from continuous network expansion in the industrial sector, which delivers ELGi's industrial portfolio to channel partners in our target countries. Particularly, the sales team recruited new channel partners in the key nations, and we are on schedule with our ambitions to expand our distribution.

Business operations were impeded by prolonged COVID lockdowns in Australia, our biggest market in the area. Pulford, our principal distribution company, suffered

the most from the business interruption, posting lower sales and profitability than the previous year. The last quarter's high demand gives reason for hope for FY'23. Beyond Pulford, by active partnership and securing major clients, we extended the sales to our independent channel partners in Australia and New Zealand. ELGi's brand awareness is getting better every day. Despite difficulties with sales and costs, our teams ensured that margins were managed effectively, and the outlook for FY'23 looks promising. Our performance was affected by severe lockdowns in Malaysia, Thailand, and Indonesia, three of our important markets.

Particulars	2021-22 INR (in million)
Direct Economic Value Generated	25,797
Revenue from operations	25,247
Other income	550
Direct Economic Value Distributed	23,180
Material Expenses	13,571
Employee benefits and expenses	4,839
Finance Cost	111
Depreciation and amortisation expenses	745
Other expenses	3,914
Economic Value Retained	1,784
Profit before tax	2,617
Less: Tax expenses	846
Add: Share of profit from joint ventures	13

Manufacturing Excellence

At ELGi, we ensure that our products are developed with the best Life Cycle Cost (LCC) for every customer. We assure the best in the industry uptime and are focussed on driving cost leadership through technology instead of relenting to a low-wage model. To bring about innovation and high-value customer-centric products, we have adopted selective backward integration strategy for our manufacturing facilities to address the aspects of quality, value, and cost. We also adopted a strategy to build in-house capability and capacity for critical parts and components to address the “low volume and high variety proposition”.

The first goal towards the backward integration strategy in manufacturing was ensuring “Quality.” Outsourced castings from external foundries did not meet ELGi’s expectations and requirement of low volume high varieties of castings at the same cost and quality levels. There were several challenges in avoiding delay in delivery of finished products to the customers when outsourced castings did not meet the quality expectations. Also, significant lead times in delivering the castings added to the delays. To find a solution to these challenges, ELGi decided to set up its state-of-the-art foundry which produces high precision ductile and grey iron castings. The ELGi foundry was set up in 2013 to take care of challenges concerning quality, cost, and delivery requirements. The ELGi foundry is Pressure Equipment Directive (PED) and ISO-9001 certified, with an installed capacity of 9000 metric tons.

The second goal in the backward integration strategy was ensuring “Value”. The main cost in an air compressor’s lifecycle is power. The energy profile of our compressors would significantly increase if motors

were designed and manufactured in-house. ELGi can also ensure optimum efficiency in air compressors under peak operating conditions. With this, our motor plant was built and ELGi motors today are about 3% more efficient than other comparable products. ELGi Motors are certified for statutory requirements such as BIS (ISI marking), CE, UL, NEMA, and MEPS, enabling us to cater to all our focus countries. ELGi is probably the only air compressor company globally to have built a proprietary motor plant that manufactures motors ranging between 3-60 HP to meet 50 Hz and 60 Hz requirements of customers across the globe. The QMS (ISO 9001 – 2015) certified ELGi Motor Plant has a single-piece flow movement with automated assembly lines. The stator testing centre for wound stators uses advanced testing factors to determine the product’s reliability.

The third goal of the backward integration strategy was “cost.” Generally, screw compressors require high-precision rotors which in turn require machines working at very close tolerances to produce them. Also, machine tools have long lead time that could affect the delivery of the finished product. To develop complex in-house machines critical to the process and to avoid the high lead time, ELGi took up the task of custom designing and setting up its own rotor milling machines by establishing a machine building division. ELGi’s in-house engineering talent were deployed effectively, and these machines were built to ensure the highest quality standards at a significantly lower cost, thereby bringing down production costs significantly. These machines, with higher rigidity, enable faster production. As the machines are designed to be self-monitoring, they operate with zero defects.

Manufacturing Footprint

The ELGi Air Centre Plant, encompasses over 5 million square feet of production space in Coimbatore, India. ELGi is also focused on utilising cutting-edge technology, such as machine learning, and has its own IOT platforms to provide customers with cutting-edge advantages. ELGi - Future Ready is a result of all these considerations.

We meet the highest quality requirements while keeping a strong competitive edge by partnering with the best vendors from across the world.

ELGi is possibly the only business in the world to manufacture its own motors, castings, pressure vessels, air ends, and complete machining operations.

Research & Development



At an era where embracing innovation has become of utmost important than ever, ELGi has been undertaking new business models, products, services, and processes to enhance and sustain organizational performance. With the evolving needs of the customer and the inception of the Air compressor technology, ELGi has taken up on innovation as a key differentiator to maintain the competitive edge in technology.

We aspire to focus on energy efficiency not only within the organization but also focus on energy efficiency that could affect our customers in their decarbonization efforts. Through design changes, our compressors are achieving 3 to 4% improvement in energy efficiency. Development of the energy efficient oil flooded version of EG75 premium compressor models is one such example. With initiatives such as an optional outdoor protection kits, introduction of extended pressure variant, our compressors have the capability to operate under a range of environmental conditions to suit our global customer base. Our recent initiatives include the following

- ELGi’s AB Series oil free screw air compressors is expected to replace traditional oil free compressors as it comes with a significant improvement in efficiency and lower initial cost.
- New features have been incorporated in compressors such as integrated heat recovery system to recover most of the heat generated during compression.
- Compressor controllers have been imparted with enhanced features such as OTA (Over The Air) software update and introduction of a dynamic password for a secured interface.
- With a focus on cost efficiency, we have designed and developed a cost-efficient oil free disrupted screw air compressor AB55 & AB75 kW (Split design) for all countries.
- To enhance the oil life in the compressor, an Intelligent thermal valve (ITV) has been designed for oil flooded compressors.
- We have designed and developed the electronic (Neuron IV) controller for EPSAC, OFSAC & OFD compressor packages to monitor and control the function of compressors with a touch screen user interface.
- To introduce remote monitoring of compressors, ELGi designed and developed the IoT (AiR-ALERT) Industry 4.0 initiative. It enables reduction in compressor down time thereby bringing improvement in utilization efficiency.

Through constant innovation, development of new products has made it possible for us to cater to a variety of applications ranging from pharmaceuticals, food and beverages, electronics, construction & mining, water well drilling, sandblasting & piping cleaning in the Middle East market, applications in Metro/ EMU & DMU braking, etc.

State of the future art

Keeping in mind the importance of innovation in technology and product development, we launched a signature initiative - the ‘State of The Future Art’ that is celebrated every year on the 15th of December. Also known as Technology Day, the event creates a platform for young engineering minds from the ELGi Global Technology Centre, the academia, and the industry to showcase their work through a series of presentations,

product displays, knowledge sharing and interactive panel discussions. The initiative had an overwhelming response where participants showcased creativity in areas including advanced technology innovations and product development. Through this initiative and our partnerships with the academia, ELGi aspires to develop young minds into the future professionals in the domain of engineering and technology.

ALWAYS RESPONSIBLE



At ELGi, our commitment to addressing climate change comprises several low carbon initiatives coupled with a longer-term sustainability roadmap. We are committed to the triple bottom line, i.e., remaining #alwaysbetter for the environment and ensuring our employees, customers, and the community benefit from a healthier, greener ecosystem. We have undertaken initiatives to reduce the carbon footprint of our manufacturing facilities and offices and are dedicated to building energy-efficient products that enable companies around the globe to decrease their carbon footprint. And last but not the least, we are looking beyond the traditional linear economy and the current take-make-waste extractive industrial model to weave in circularity across our processes, aiming to redefine growth, focus on positive and society-wide benefits.

Key Highlights

- 40% of ELGi's energy requirement is sourced from renewable sources
- 1.02 MW of energy conserved by implementation of energy efficiency projects across operation
- All manufacturing locations are Zero Liquid Discharge (ZLD)
- All waste is categorized, and all hazardous waste is disposed through pollution control board certified vendor to avoid illegal landfill
- 70% recyclability of waste scrap generated internally
- 25+ Green product certifications

Resource Neutral Operations

ELGi has been committed to sustainability from inception, working tirelessly to achieve sustainable growth across its operations while also supporting national climate action. Guided by its long-term sustainability roadmap, ELGi has undertaken initiatives focusing on the optimal use of resources across its manufacturing facilities and offices. The first step in tracing its resource efficiency is to map energy, water, and waste footprint. We have continuously reduced our intensity levels in the last years, despite having increased production volumes in the past financial year.



6% decrease in emissions intensity (tons/million sale)



11% decrease in energy intensity (GJ/million sale)



11% increase in water intensity (kl/million sale)

Energy and Emissions

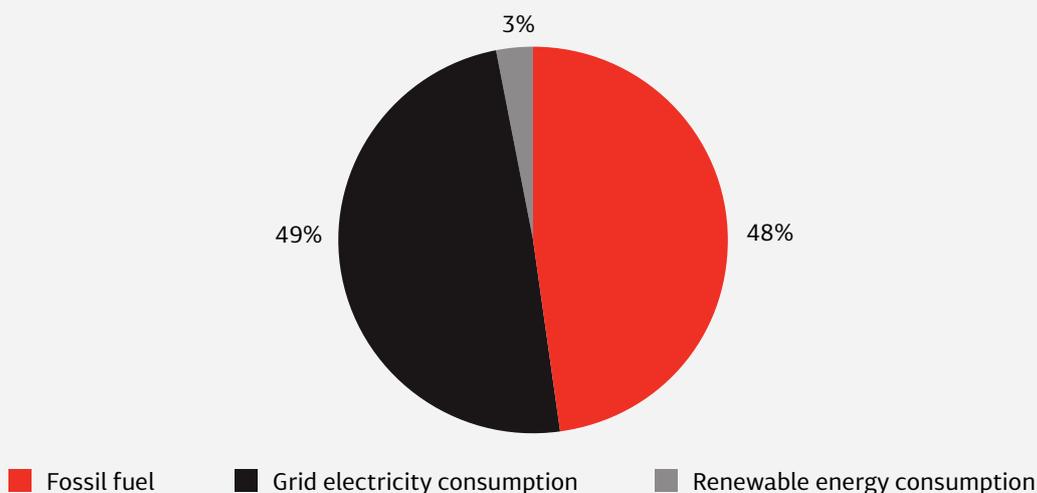
ELGi has constantly endeavoured to introduce new energy efficiency initiatives to counter rising energy demand and associated emissions. We believe that well defined energy conservation strategies including

appropriate energy mix are indispensable to emission reductions. Our source wise energy use trend is illustrated below:

Energy Consumption (GJ)	2019-20	2020-21*	2021-22#
Diesel	11,504	10,050	9,164
LPG	13,824	13,613	18,438
Natural Gas	27,024	27,835	28,670
Methane	1,439	1,979	2,197
Grid electricity consumption	49,944	43,887	59,711
Renewable energy consumption	4,727	4,335	4,429
Total	1,08,461	1,01,698	1,22,608

*COVID-19 year | #increased production volume

Energy Distribution Trend



ELGi is firmly committed to reducing its scope 1 and scope 2 emissions. Carbon emissions are tracked and monitored, and various interventions are in place to curb

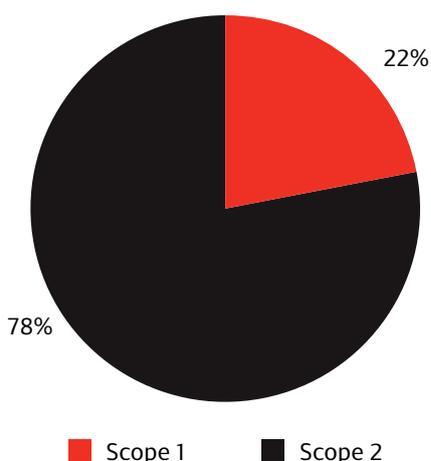
these emissions. The emissions trend on source wise scope 1 and 2 emissions is illustrated below:

Scope 1 (tCO ₂ e)	2019-20	2020-21*	2021-22#
Diesel	852	745	679
LPG	872	859	1163
Natural Gas	1,516	1,562	1,608
Methane	79	108	120
Total	3,319	3,273	3,571

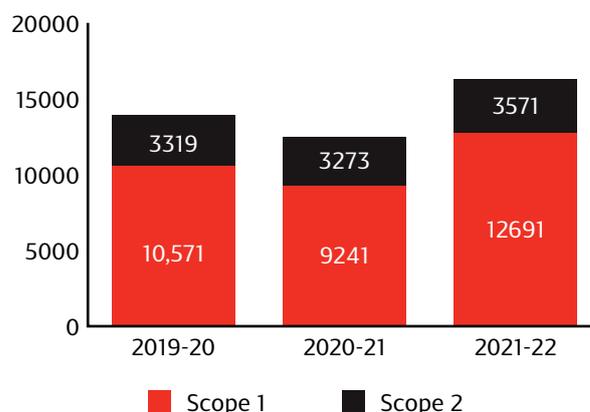
Scope 2 (tCO ₂ e)	2019-20	2020-21*	2021-22#
Grid electricity consumption	10,571	9,241	12,691

*COVID-19 year | #increased production volume

Emission Distribution



Emission Trend



Energy Efficiency at the crux of operations

We are very much aware of the role of energy efficiency improvements in reducing emissions from energy generation. In 2017, smart meters were installed to replace traditional energy meters. These meters detect loads based on amperage, detect idle machinery, and can distribute the load optimally. The installation of smart meters has resulted in savings of about 1.5 million units of electricity per year.

In 2018, an Energy Management System (EnMS) was implemented at our Air Compressor Plant (ACP). The ACP is incorporated with 145 IoT-enabled machines interconnected with each other. These machines can greatly contribute to energy conservation by analysing the collected data using advanced statistical tools and identifying potential energy-saving opportunities. Implementing the IoT-enabled energy management system has enabled over 24% energy efficiency in plant operations, resulting in energy savings of about 1.02 MW per year and thereby significant energy cost savings.

Other automation includes introduction of AC power controller circuit in the CNC machines to bring the machine into ‘energy saving mode’. This system is horizontally deployed in all CNC machines. Optimal operation of utilities like DG sets, AHU, chiller and air-conditioners etc. is ensured through innovative

Kaizens and technology led solutions.

ELGi manufactures and supply a complete range of air compressors with 400+ compressor products to the customer requirements. ELGi compressors are tested in the manufacturing plants with the required voltage and frequency rating as per the requirements. DG Sets are the inevitable power source to meet the different range of voltage and frequency as per product requirements for various countries. While using the DG sets for testing applications in the manufacturing plants, leads not only the inefficiency in the system due to fixed capacity, but also the DG sets are the extensive source of emissions which is the main cause of air pollution. We developed the MG sets with in-house resources to eliminate the utilization of DG Sets for testing applications thereby reducing stack emission.

As a continual improvement, the utilization of MG sets for testing applications with multi-voltages and variable frequency has been expanded to the products with larger capacities. ELGi continue to improve the facilities to reduce the HSD consumption for DG sets to large extent. VFD based testing facilities are provided in HT machines manufacturing and new product development area so that the consumption of HSD as well as the source of emission is eliminated.

Creating Green Belts

ELGi acknowledges the role of biodiversity in offsetting emissions. Forests enable the land to absorb carbon emissions. Since 2016, ELGi has created green belts at all factory locations, using the Miyawaki technique. This technique, which involves planting dense native forests, has been instrumental in developing a green belt in ELGi manufacturing campus with more than

3,000 trees and landscaped gardens. To promote biodiversity, more than 100 varieties of native species were chosen. This initiative has been further enhanced by ELGi’s team and their family members who have planted more than 6, 000 diverse tree species till date, with a target of planting more than 30,000 trees in the next three years.

Water

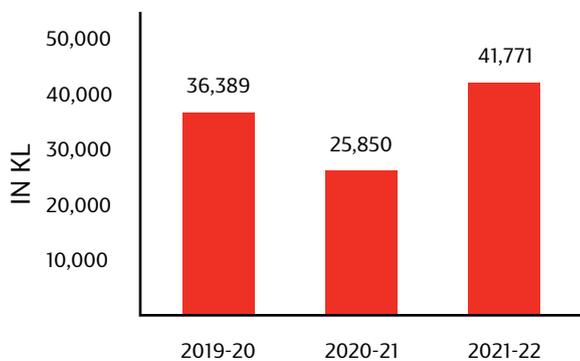
Most of our water use is domestic such as in the cafeteria and washrooms. ELGi continuously strives to reduce its water footprint through various initiatives

that optimize water usage to the greatest extent. Data on withdrawal of water from several sources is illustrated in the table below:

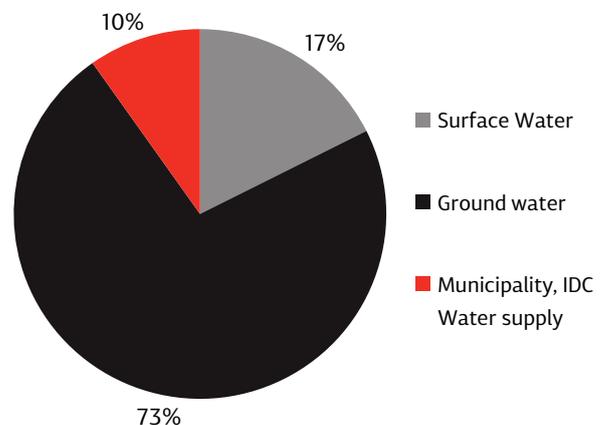
Water withdrawal by source (KL)	2019-20	2020-21*	2021-22#
Surface Water	0	0	7345
Ground water	31,501	22,989	30,337
Municipality, IDC Water supply	4,888	2,861	4,088
Total	36,389	25,850	41,771

*COVID-19 year | #increased production volume

Water Withdrawal Trend



Water Withdrawal by Source



We have ensured to make our water consumption efficient by incorporating technologies and systems like sewage treatment plants (STP), rain-water harvesting,

etc. The table below highlights our re-use of water for the reporting year.

Water reuse (KL)	2019-20	2020-21*	2021-22#
	19,864	14,634	20,898

*COVID-19 year | #increased production volume

Harvesting for Water Independence

Harvesting rainwater is an essential component of efficient water management. ELGi has the capability to collect 220 million litres of rainwater annually. Rainwater is collected in a rain harvesting pond which is capable of collecting about 30 million litres of rainwater and allows for use of the collected water for gardening and domestic use like toilet flushing. In addition to the pond, rainwater is also stored in tanks capable of storing 20 million litres, collected through

conduits from surfaces like roads and rooftops.

The water used as coolant in CNC machines, washing components and cooling tower applications is collected in Effluent Treatment Plants (ETP). The water used for domestic purposes such as in washrooms and canteen are collected in the Sewage Treatment Plant (STP). The collected water is purified and recycled to be used for landscaping and maintaining the green belt across the facilities.

Waste

At ELGi, we prioritize prevention of waste at source over other waste management strategies. ELGi diverts all hazardous waste from landfills and partners with authorized agencies for appropriate waste disposal and processing. Owing to increased production there has been an increasing trend in the quantity of waste

generated. Since FY 2020, we have been increasing the quantities of waste diverted from landfills. The table below highlights the trend of non-hazardous and hazardous waste generated, diverted and sent to landfills.

Waste to Wisdom

ELGi has mapped 36 different types of waste generated from several manufacturing processes. To manage them, ELGi has developed an effective waste management system that includes timely collection, transportation, pre-processing, processing, recycling, and disposal. At ELGi, waste management techniques include minimization or prevention of waste generation at source, reuse, recycle, energy recovery and finally disposal.

The ELGi Foundry has been instrumental in waste sand management which has been a major part of our carbon emission reduction efforts in operations. Recycling sand is important as it reduces air pollution. Mechanical and thermal reclamation units were installed to recover and recycle 96% of the sand utilized. In 2017, an initiative was implemented where dust and fine sand are converted into solid bricks that can be used to construct buildings while maintaining

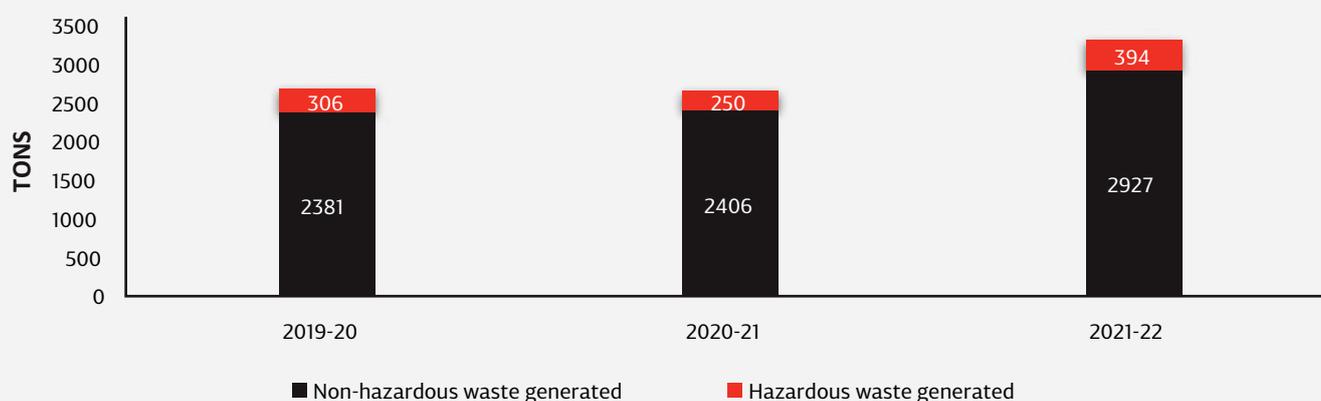
the quality of construction. About 200,000 such bricks have been used to construct the new ELGi School premises, the factory compound wall, and for maintenance work across all the manufacturing units in Coimbatore.

ELGi ensures that no hazardous waste is disposed in landfills. Hazardous waste is mostly sourced from CNC machines that generate them during machining processes. To divert all the hazardous waste from landfills, the hazardous waste generated from these processes undergoes a pre-process technique where it is converted into a form of cake which is sent to cement kilns. The waste is then burnt in cement kilns, converting them into ash. In addition to this, e-waste generated from CNC machines, IT equipment and product rejections is processed by authorized waste management organizations.

Quantity (tons)	2019-20	2020-21*	2021-22#
Non-hazardous waste generated	2381	2406	2927
Hazardous waste generated	306	250	394
Waste diverted from landfill	2242	2301	2854
Disposal to Landfill	133	137	142

*COVID-19 year | #increased production volume

Waste Generation Trend



Product Stewardship

The origins of the compressed air industry can be found in the invention of the bellows, with early models appearing around the 15th century BC. It wouldn't be until the 19th century when we would begin to use compressed air to transmit energy. Innovation has been fuelling the industry ever since. ELGi integrates innovation at the core of its business objectives to keep up with the global technology trends and evolving customer needs. ELGi's visionary breakthrough in technology is transforming the boundaries of compressor industry, with a focus on increased reliability, efficiency, and performance.

ELGi is focused on building energy-efficient compressors that ensure efficient energy consumption and lower energy costs for customers. While the end users gain via lowered energy costs, ELGi also enables companies to reduce carbon emissions and lower the overall impact on the environment.

Over 28 of our compressors have been certified as Green Products, demonstrating that environment friendly processes have been followed at every stage of the product lifecycle, starting with sourcing raw materials to design and manufacture and ending with disposal. The certification is a significant testimony to our continuous quest for excellence, our stature as a responsible global player and the emphasis we place on ensuring that we create sustainable value for our customers and other stakeholders.

ELGi is one of the few companies in the world to make our own air ends, pressure vessels, castings, motors while conducting complete machining and compressor assembly, including making our proprietary machine tools for certain operations.

Our screw compressors, for instance, have large premium efficiency airends equipped with in-house developed η-V profile rotors, with 4/5 lobe combinations that rotate

in opposing directions. These airends are designed to run at slow speeds drawing a volume of air from the atmosphere and compressing it to the required pressure. The unique ELGi airend design reduces pressure losses, offering high volumetric efficiency, resulting in the lowest energy consumption. ELGi also introduced 5 to 10% energy efficiency improvements across our product ranges in recent years. This has resulted in considerable reductions in total energy consumed by our compressors driving critical applications worldwide.

ELGi compressors - The stewards in energy efficiency

For over 20 years, the ELGi EG Series oil-lubricated screw air compressors have enabled breakthrough energy-efficiency gains, helping global brands achieve their productivity goals while lowering operational costs. With an improved cooling system, efficient air end, larger air filters, and more efficient and durable oil filters, the EG series significantly improves specific power consumption. Studies have revealed that the EG series machine with VFD results in a 34 percent reduction in energy costs when compared with a machine that runs without a VFD. Also, with improvements in the life of the oil filter from 2,000 to 4,000 hours and a reduction in oil capacity, customers gain better cost advantage and lower the environmental impact. With a combination of fixed and variable speed screw air compressors, customers have also availed of additional energy efficiency gains.

One of the world's oldest broiler breeding companies in the USA experienced better performance and realized significant energy savings and lower maintenance costs with the EG 30 rotary screw air compressor. A leading Australian mid-segment water bottling company chose the ELGi's screw air compressor, the EG110CV, post extensive research. A second EG30 screw compressor followed shortly. The results? Low energy consumption, ease of maintenance with the lifetime air-end warranty, outstanding product quality, and reliability. With the EG110PV electric screw compressor, a leading rubber recycling company in Europe, is assured of energy savings, reliability, and outstanding performance, resulting in efficient plant operations. With many more customers choosing ELGi to power their industries, ELGi has become a forerunner for energy efficiency and increased productivity in the world."

ELGi introduced the EG 55, enhancing the EG series range of oil lubricated screw air compressors, in line with the ELGi's commitment to being "Always Better", the EG series offers customers across the world increased energy efficiency gains, low life cycle costs, industry-leading warranty and prompt service support. The compressor are available with fixed speed and variable speed options. With an improved cooling system, efficient air end, larger air filters, and more efficient and durable oil filters, the EG 55 contributes up to 5% improvement in specific power consumption then the previous generation.

ELGi's unique in-house manufactured airend with an -rotor profile offers high efficiency at slower speeds to customers. Studies have revealed that under fluctuating compressed air demand, an EG series will result in up to 34% reduction in energy costs when compared with a machine that runs without a VFD. ELGi has raised the bar in after sales customer service with its 'Uptime Assurance' promise on EG 55 with a best in class warranty on the airend, offering customers across the globe the lowest life cycle cost when compared with its peers in the market.



Oil Free compressors paving the way for future

The ELGi OF Series of oil-free screw air compressor consistently produces oil-free air that meets the ISO8573-1 class '0' air requirements. The OF Series oil-free compressors are built with oil-free airends, made in-house with optimized design to provide best-in-class efficiency. The η -V rotor design reduces pressure losses and improves stage efficiencies, resulting in a more effective compressed air system. The rotors and housing are coated with a PTFE-based food-grade PP coating that can withstand temperatures up to 250 degrees Celsius, leading to excellent long-term performance without any efficiency losses. The low-pressure cooling-water heads reduce the amount of energy used by feed water pumps, and smaller cooling water pumps minimize power consumption.

In 2019, ELGi proudly launched the ELGi AB series oil-free compressors. A product ahead of its time, well-recognized the world over as a disruption in oil-free compressed air. A water injected oil-free compressor, the AB series proved to be a highly efficient alternative to traditional oil-free, dry screw two-stage compressors, delivering high-quality 'Class 0' oil-free compressed air. Here water is injected into the compression chamber to remove the heat of compression instead of oil cooling it

as in an oil-injected screw compressor. The water is then separated and re-injected after cooling, and since there is no oil in the compression chamber, the outlet air is 100% free of oil. The condensate from the compressor has clean water without any oil, making it virtually safe for reuse, eliminating the need for any filter or water separator (RO). These compressors discharge air with no microbiological containment, complying with the ISO 8573-7 standards. The FDA has approved the ELGi AB series compressors to be contaminant-free. Today, the AB series oil-free compressors support some of the most critical and sensitive applications that demand a high level of air quality and zero mineral oil residue.

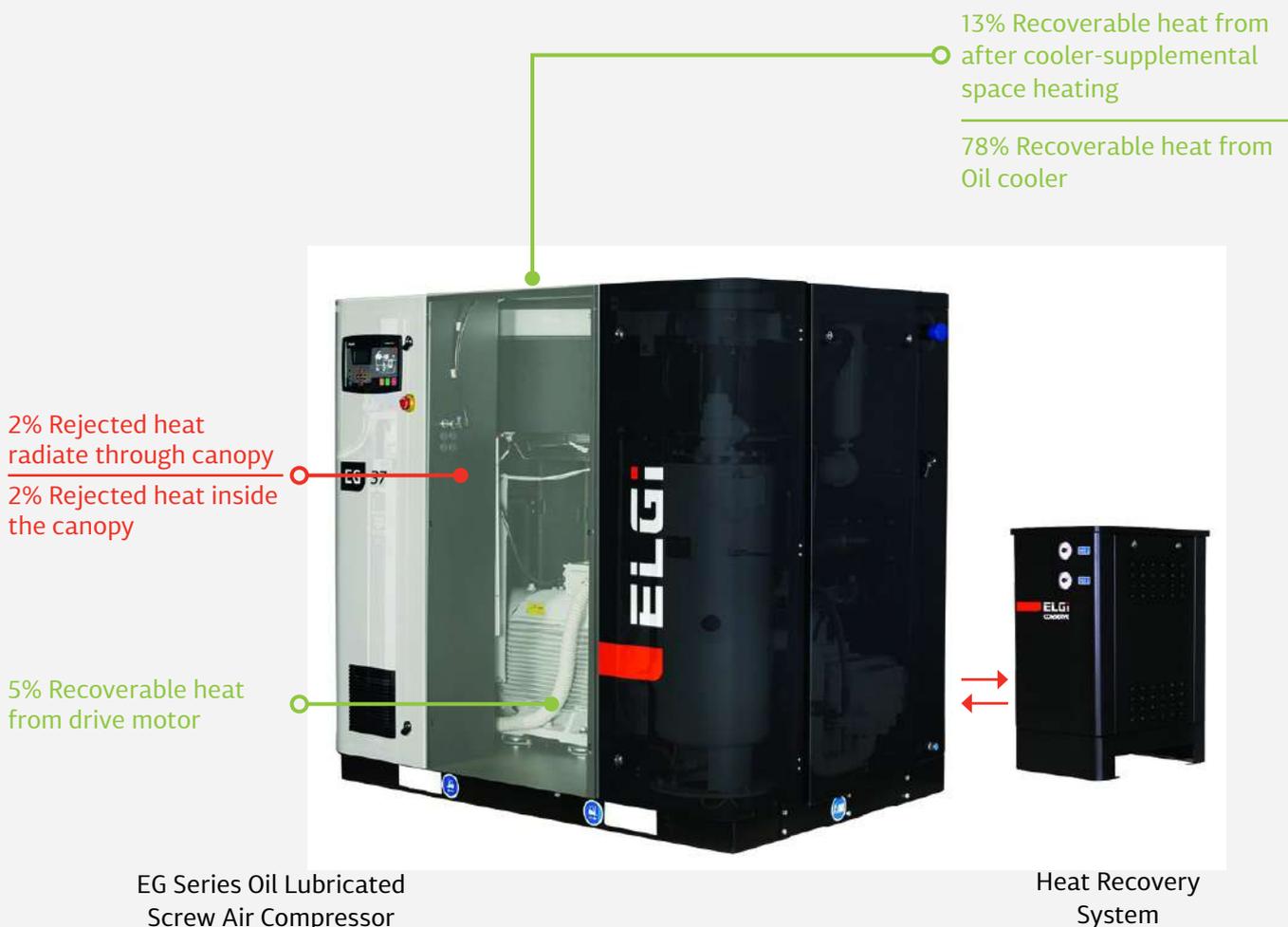
Meanwhile, our eco-friendly electric compressors are also setting new standards in the portable air segment. ELGi models of portable electric compressors feature a globally patented η -V screw profile airend that ensures maximum energy efficiency and significant savings in energy cost. Highly reliable, durable, and service-friendly electric motors with a smaller footprint design assure low operating and maintenance costs. These compressors also generate lower emissions and noise as opposed to diesel-powered portable compressors.



Heat Recovery System (HRS) – The circular way of efficiency

ELGi’s Heat Recovery Systems (HRS) enables companies to capture up to 96% of wasted heat generated during the compression process and utilize it to heat air (space) and water for various applications. This, in turn, reduces the need for additional heating systems running on conventional power, reducing CO₂ emissions and energy consumption significantly. One of our customers, a paper mill, experienced the benefits of the HRS system, within the first few hours of installation, by way of continuous

warm water availability with no external heating. With the implementation of HR 110, the customer could recover a heat load of ~ 89.14 kWh / 0.077 MKcal through the continuous water supply of ~2000 lit/hr at a temperature of ~70°C throughout the year, resulting in annual energy savings of 800~900 tonnes of LP steam and a carbon emission reduction of ~170-190 tonnes of CO₂/Yr. What’s more, our customer accomplished the targets stipulated by PAT Scheme I.



Heat Recovery Potential

ATS ELGi's Smart Washing Solutions

ATS ELGi's Automatic Bus Washer and Smart Wash Turbo - Two Wheeler washer is a game changer in the automotive washing industry. It boasts of the industry

best features with enhanced efficiency and improved productivity.

Manual Two Wheeler Washer		
		
2-3 people	5-10 mins	90 Litres of Water
ELGi's Smart Wash Turbo		
		
1 person	52 Seconds	50% Less water consumption

Manual Bus Washer		
		
4-5 people	15-30 mins	400-600 Litres of Water
ELGi's Automatic Bus Washer		
		
1 person	52 Seconds	100-250 Less water consumption





Green Energy Sourcing



ELGi prioritizes the use of renewable energy for manufacturing processes. We have made continuous efforts to increase the share of renewable energy in our energy mix. We started way back in 1994 when approximately 15% of the total power consumption at our manufacturing units was sourced from wind energy generated from five 250 kW wind turbines. Wind energy contributed to the entire power supply for the assembly plant at the headquarters. After 2016, the energy generated from the wind turbines was re-allocated to the ELGi Foundry, the ELGi Air Compressor Plant, and the assembly plant at headquarters in the ratio 2:2:1.

Always Better for Customers

ELGi has supported an array of industries for the past six decades by constantly delivering a wide range of sustainable and efficient compressed air solutions.

Since 1960, ELGi has been the largest supplier of air compressors to the Indian Railways. ELGi has been playing a crucial role in helping the Indian Railways pursue their decarbonization target.

ELGi solutions are time tested for energy efficiency and reliability. Energy intensive industries like cement, concrete and manufacturing industries have time and again chosen ELGi compressors for their low power consumption, increased uptime and productivity.

Besides quality and reliability, the total cost of

ownership is also an important parameter while selecting air compressors. Energy consumption, the availability of spares, and long-time assurance are also critical factors and are the main reasons for opting for ELGi compressors.

We are mindful to cater to our customers' critical requirements of clean, moisture free and oil free air which is free from all contaminants. This makes ELGi the preferred choice for polymer, brewing and pharmaceutical industries.

Our performance is further complemented by quick service response and reliable technical support to all our customers.



ALWAYS RELIABLE

Sustainability lies at the heart of ELGi’s operations and is a key driver of its sustained growth. More importantly, we recognise our commitment to becoming #alwaysbetter for our stakeholders thereby creating a better experience for our employees, customers, and the community. In striving towards higher standards, ELGi also creates value for its stakeholders and enables them to embrace sustainability in their lives and businesses.

For its employees, ELGi offers many innovative

programmes for professional and personal development. It also provides top-notch safety management systems for the protection of its personnel. The ELGi school exemplifies our commitment to giving back to society. ELGi also provides financial support to NGOs and organisations like the Amrit Center for Special Needs, the Coimbatore Cancer Foundation, and Cankids-Kidscan, an NGO dedicated to the holistic treatment of children with cancer.

Key Highlights

 <ul style="list-style-type: none"> ● 100% employee coverage on safety trainings 	 <ul style="list-style-type: none"> ● 0.69 Rate of recordable work-related injuries (India operations) 	 <ul style="list-style-type: none"> ● Allocation for CSR spend INR 25.2 million ● 35+ students offered scholarships 	 <ul style="list-style-type: none"> ● 1300 student beneficiaries in FY 22, through ELGi school
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Human Rights

The concept of human rights is ingrained in ELGi’s worldview and is included in its Code of Conduct. The organisation understands that its employees are an invaluable asset for the business and accords high importance to their wellbeing. We have put in place significant Human Rights initiatives which lend to building a culture that ensures equality among employees, irrespective of gender, religion, race, regional

or other demographic and socio-economic factors. A system has also been established for the effective implementation of the whistle blower and anti- sexual harassment policy.

In keeping with our priority to upholding human rights, we have also released our board approved Human Rights policy to further cement our vision of #always better.

Socio-economic Compliance

We are compliant with all applicable socio-economic regulations for our employees and contract workers such as payment of wages, minimum wage, overtime, maternity benefits etc.

The facilities are periodically audited to ensure compliance with these requirements.

In this reporting year, there was no instance of non-compliance on any socio-economic law or regulation.

Diversity and Inclusion

ELGi is an equal opportunity employer and has undertaken various initiatives to improve age and gender representation and inclusion across all levels of the organization. We recognize the impact of women employees across all functions, roles, and levels. Currently women in ELGi make up about 30% of the sales and marketing workforce, 18% of finance and

HR roles and 14% of technology roles. We run a three-year vocational training program where 50% of the participants are women. Post the training program, the graduates join the company’s manufacturing facilities. With a gender-neutral hiring policy and continual provision of vocational training to under-privileged children, ELGi targets to increase 20% female

representation in the office workforce by 2030. To create an inclusive workforce, we strive to on-board students

from underprivileged backgrounds by equipping them with technical training and on-the-job skillsets.

Female Representation	Percentage
Total women representation in Leadership/Board	10%
Total women employees in the global workforce	7.1%

Talent Development

The parameters of excellence, capability, and experience are the basis for hiring new employees into ELGi. As of February 2022, of the reporting year, 122 new employees were hired across its different business divisions of whom 93.4% were males, primarily aged less than 30

years. While the organisation has significantly fewer women employees at present, it is working to foster greater diversity in its employment practices and in its workforce. The tables below depict the number of new hires by age and gender.

New employee hires by age				
Sr. No.	Age category	FY 2019-20	FY 2020-21	FY 2021-22
1	<30	83	23	92
2	30-50	27	20	41
3	>50	1	1	2

New employee hires by gender				
Sr. No.	Gender category	FY 2019-20	FY 2020-21	FY 2021-22
1	Male	103	42	127
2	Female	8	2	8

We maintain an unwavering focus on employee development and wellbeing which has reflected in reduced attrition in the past . However, turnover rates

have increased in the reporting year among those aged less than 30 years and 30-50 years. The tables below depict the employee turnover by age and gender.

Employee turnover by age				
Sr. No.	Age category	FY 2019-20	FY 2020-21	FY 2021-22
1	<30	47	31	57
2	30-50	58	35	60
3	>50	16	27	19

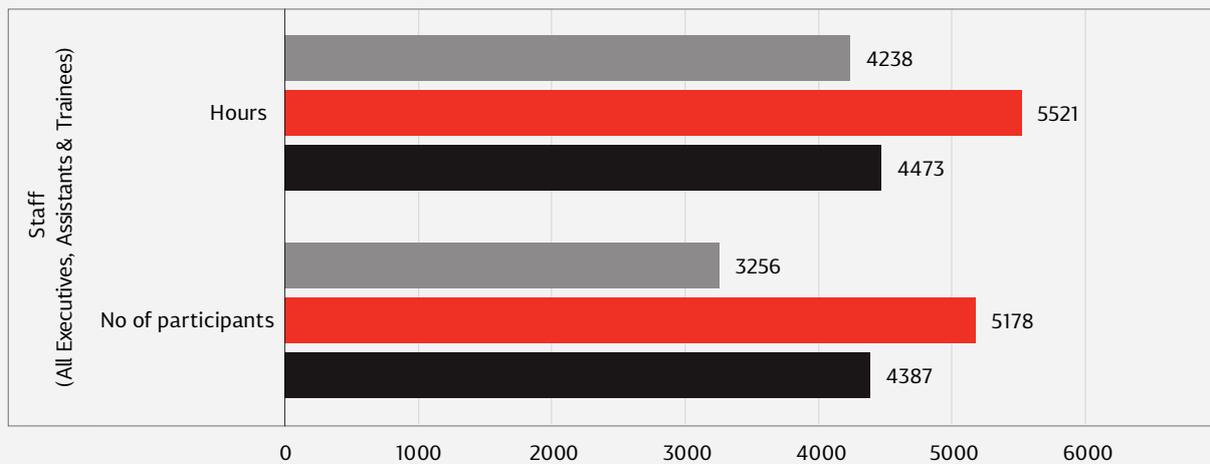
Employee turnover by gender				
Sr. No.	Gender category	FY 2019-20	FY 2020-21	FY 2021-22
1	Male	114	87	132
2	Female	7	6	4

Learning and Development

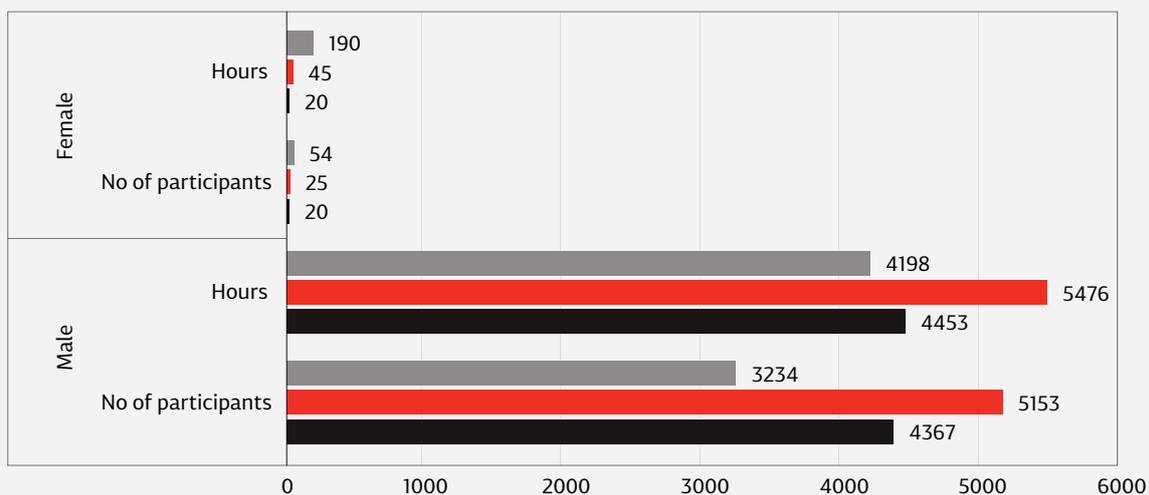
It is imperative for the employees’ career growth that they receive inputs for continuous skill and competency development. All executives, assistants and trainees go through trainings in each financial cycle. In FY 2021-

22, 3,256 participants attended 4,238 hours of training sessions. It is notable that the number of women who attended trainings in FY 2021-22, more than doubled due to continued skill enhancement programs.

Hours of training by employee category



Hours of Training by Gender



Technology Skill Development

An organization's overall development and viability rests strongly on its employees' ongoing education and professional growth. In an effort to support their ongoing development and to increase the digital quotient of the workforce, ELGi has partnered with NASSCOM's FutureSkills Prime programme in India, which will enable employees to learn and enhance their digital skills. This will be made possible through a platform called FutureSkills Prime, which offers options for developing skill sets in cutting-edge digital technologies.

Big data, IoT, and machine learning are a few examples of the various fields that ELGi employees will be trained in. Each person can select a subject area that is pertinent to his/ her role in the organization and enrol in courses at all levels, from basic to advanced. This programme will give employees access to and knowledge of the technology that ELGi will adopt in the future.



ELGi Vocational Training School



In the year 2008, ELGi started a skill enhancement program for its shop floor employees, to improve work standards and give employees hope for future career growth. This set a tone for us to build the ELGi Vocational Training School. The ELGi Vocational Training School (EVTS), is a training facility that is an example of the company's investment in its employees' development. Located in Singarampalayam, in Tamil Nadu, The school works to give young people from disadvantaged backgrounds an opportunity for a better life by giving them technical training and practical work experience.

The centre gives students hands-on instruction in fundamental engineering principles and manufacturing technologies by utilising resources including multimedia classrooms and training areas for electrical and mechanical work. By doing so, students build up their self-assurance to take on engineering tasks and acquire

crucial abilities that will benefit them in the future. Further, 50% of the participants in the EVTS program are women, thereby solidifying ELGi's commitment to promote equal opportunities.

Following their training, the graduates work at the company's factories. They receive free boarding and a monthly stipend from EVTS to help them meet expenses. Additionally, their overall health and wellbeing is also paid attention through access to yoga studios and sporting etc.

Through the EVTS, ELGi has made a significant impact on community skill development, changing the course of many lives in the process.

Presently, as an outcome of this initiatives, 32 % of the new workers are either orphans or have single parent families, and 50% of them originate from rural communities and lower socioeconomic groups.

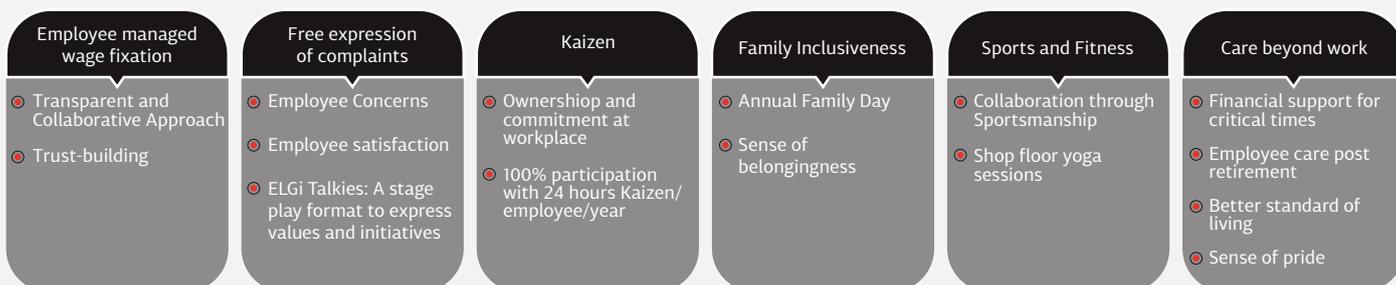
Employee Well-being



Employee well-being is fundamental to ELGi and the organisation recognises the importance of employee engagement to create an #alwaysbetter lifestyle for its employees.

Under its Total Employee Involvement (TEI), it offers several 'on and off work' programmes. Among the initiatives include employees participating in fixing wages, as well as channels for them to register concerns and grievances. Kaizens enable ELGi employees to take ownership at the workplace and generate effective improvements for enhanced efficiency and productivity. In addition, regular mental health and yoga sessions

are arranged for employees. They are encouraged to volunteer for a cause of choice in pre-defined aspects that are aligned to the company's community development initiatives. Amidst the COVID-19 pandemic, the well-being of employees was prioritised and health and safety campaigns and other measures were launched to help employees and their families manage their health. These efforts also made it possible for the company to keep supporting clients in important industries and provide vital services. The company also extends care for employees outside of work with financial support and post retirement care.

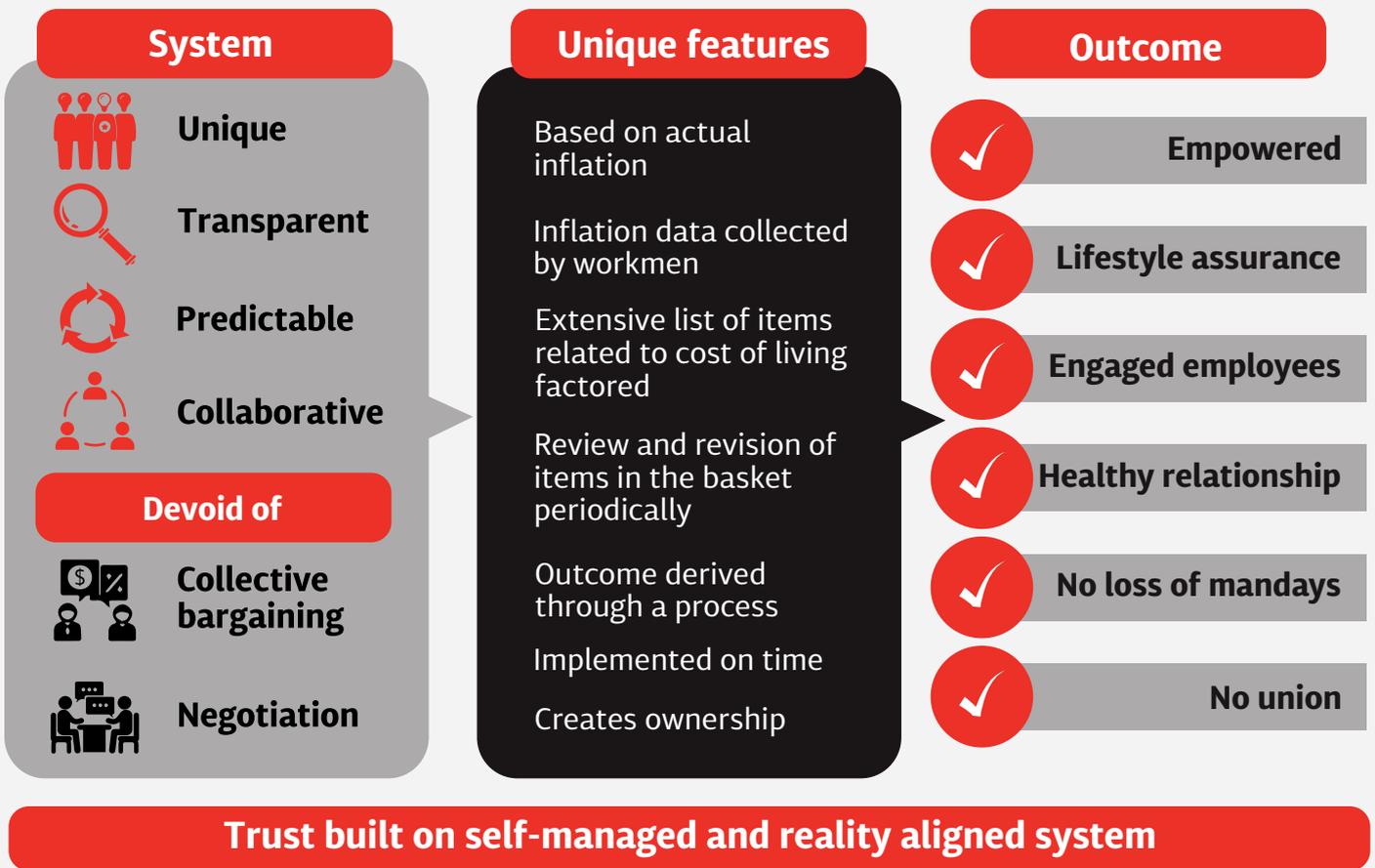


Equitable and Fair Remuneration to all

ELGi is committed to providing fair, appropriate, and transparent remuneration to all its employees. ELGi has in place a unique practice in determining the workmen compensation that is transparent, predictable, collaborative and keeps in mind the actual inflation. Every year, ELGi conducts a survey with the participation of workers’ representatives on a predetermined set of goods to determine the price of the commodities.

To determine the cost-of-living rise, these costs are contrasted with the prior year.

The remuneration is altered following the management review. The workmen participate in the evaluation and revision of the item basket, once in every five years. This distinctive method of collaboration has produced a transparent system of wage increases that creates ownership and trust among the employees.



Assistance to Employees

ELGi consistently strives to implement employee-centric initiatives to ensure their wellbeing and to continue to attract and retain high quality talent. The company provides its permanent employees with different benefits such as healthcare, disability, parental leave, retirement provision, paid holidays, housing loan and

interest subsidy, marriage loan, education loan, club membership, uniforms, internet allowance, city grade allowance, car loan and marriage loan. Temporary or part-time employees get an extra added benefit of food allowance.



Employee Benefits

ELGi #Whatsyourfinishline Challenge



In order to encourage individuals to lead healthier lifestyles and to celebrate the human spirit, ELGi launched the yearly challenge #whatsyourfinishline in 2019. Health is wealth, as the past few years have repeatedly shown. ELGi hopes that everyone who participates in this programme will be inspired to wear fitness on their sleeves, set fitness and wellness goals, and work together to attain them.

Employees, distributors, and customers from 22 countries participated in the third edition of the #whatsyourfinishline campaign. Despite the continued challenges of the pandemic, the challenge saw 103 teams from 22 countries clock over 42,500 miles over a fortnight, celebrating ELGi's spirit of resilience amid the global pandemic. As they ran, walked, and jogged, local health and safety laws were followed during the race.



#StepsForChange- Making sustainability every one's responsibility

To mark the 50th year of World Earth Day, "Steps for Change" campaign was launched in 2020, in keeping with ELGi's guiding principles. This program was created to inspire each of its employees to take action against climate change and be socially conscious. Through this mission-driven programme, each ELGi employee worldwide committed to carrying out a modest but important environmental activity, which in turn had a positive impact on the environment and also built awareness about how small actions can lead to carbon footprint reduction.

This programme encouraged the employees to consider making lifestyle changes that would reduce emissions, taking action against plastic pollution, teaching in universities and schools, planting trees, participating in local clean-ups, or even switching to a more plant-based diet. All of these actions would have a positive impact on the environment and ensure that each one does his/her part to reduce the carbon footprint globally.



Corporate Social Responsibility

Serving the community is foundational to ELGi’s way of doing business. The company firmly believes that in order to create a sustainable world, business and community need to function in mutual coherence. ELGi has not only supported the Indian community during the

pandemic but also supported the community overseas. ELGi employees are also encouraged to volunteer for a cause of choice that are aligned with the Company’s community development initiatives.

ELGi Matriculation School



The spirit of serving the community is reflected in ELGi’s dream #educationforall. The ELGi school, established in 1989, stands on the vision of ELGi- “giving back to society by developing good citizens through holistic quality education at subsidised cost.” For the past three decades, the ELGi School has been providing inclusive and high-quality education to children from low-income households and enabling them to give wings to their dreams. “Aspire and excel” is the organization’s motto proving and reiterating it again and again.

The ELGi Matriculation Higher Secondary School has served the Coimbatore neighbourhoods surrounding Vellalore. Additionally, it offers scholarships to deserving pupils from low-income families. The school’s students serve as a testament to the value-driven education they have received.

The school firmly believes that education is a key to translating dreams into reality. It encourages and provides advanced training routines. The school uses a pedagogical strategy that combines cutting-edge teaching techniques and student-centric initiatives. The school’s teachers place special emphasis on the individual needs and academic gaps of each

student, based on analytical research. Over time, this approach has produced improvements. The school also implemented Total Quality Management (TQM), which has assisted faculty and students in systematically improving their performance. The students of the school have not only excelled in academics but also in extra-curricular activities winning many accolades and awards at district, state and national level. The school is proud of producing an academic district level topper in Standard 10 and award-winning athletes. In recent times, many students of Scouts and Guides program have been awarded with the Governor’s award. Students at the ELGi school have been able to attain academic brilliance on state-level board exams and receive perfect scores in the subjects of mathematics, accounting, social science, computer science, and commerce. The school pushes its students to pursue their hobbies by establishing focus clubs ranging from cookery to public speaking and art.

The school has worked to instil social responsibility and good citizenship in its students. Students gradually adjusted to the new normal of taking online lessons and exams through Google Forms throughout the COVID 19 outbreak, allowing them to improve their knowledge in all subject areas. The school held an art competition

with the topic “Courage and Care” to encourage students to visually express their admiration and support for frontline workers and raise awareness of the pandemic among these impressionable minds.

In the year 2020, the ELGi Matriculation Higher Secondary School established a four-acre campus in Podanur, Coimbatore. The School is designed with amenities like a resourceful library, hi-tech computer laboratory, well-equipped laboratories for Physics, Chemistry, Biology, and Mathematics, smart classrooms, a sports academy to name a few. The classrooms are equipped with smart board facilities thereby making education interactive and interesting.

The library is spacious and comprises 13,000 books, research journals, audio/visual resources, and other digital capabilities.

Along with encouraging students to achieve academic excellence, the ELGi School encourages young minds to realize their true potential through advanced training routines under the exceptional guidance of physical education and extracurricular activity coaches.

The vision of ELGi proudly reflects in the lives of its alumni who are well-established in the various career streams they have chosen. Some of the school’s alumni are now well-established and employed by notable institutions and multinational corporations.

Red Cross, Italy



The COVID-19 pandemic was an intense experience that touched almost every part of the globe. The humanitarian network, the International Federation of Red Cross and Red Crescent Societies (IFRC), assists and empowers people around the world during difficult times. ELGi provided the Red Cross with an air compressor straight away to support their urgent need

for an upgrade to their old piston compressor. This improved their operational capacities and allowed them to effectively address the continuously increasing need for aid and support. ELGi Europe delivered an EN series air station comprising of receiver and fridge dryer in a couple of days.

Coimbatore Marathon



ELGi is dedicated to fostering sustainability for people's well-being by supporting organisations that work to prevent cancer and encourage physical activity to fend off diseases brought on by sedentary lifestyles. ELGi has been powering the Coimbatore Marathon from 2015.

Susan G. Komen

From 2019, ELGi North America has been sponsoring the Susan G. Komen's Race for the Cure, a marathon that raises money for improvements in breast cancer therapy.

The Coimbatore Cancer Foundation receives all of the marathon's revenues, which help to advance initiatives to increase cancer awareness among the masses while also enhancing the health and wellbeing of cancer patients and their care-givers.

ELGi's North America employees prepared and participated in the Race for the Cure, in the spirit of preventing lifestyle-related diseases and raising cancer awareness.

Occupational Health and Safety



As a responsible company, ELGi is committed to preserving the security and well-being of its human resources. To ensure the overall wellbeing of its people and stakeholders, ELGi is committed to every employee’s health and safety.

By developing and putting into practice various solutions to remove hazards and reduce risks in industrial processes, ELGi is working towards efficiently integrating health and safety practices with a view to building a safety culture.

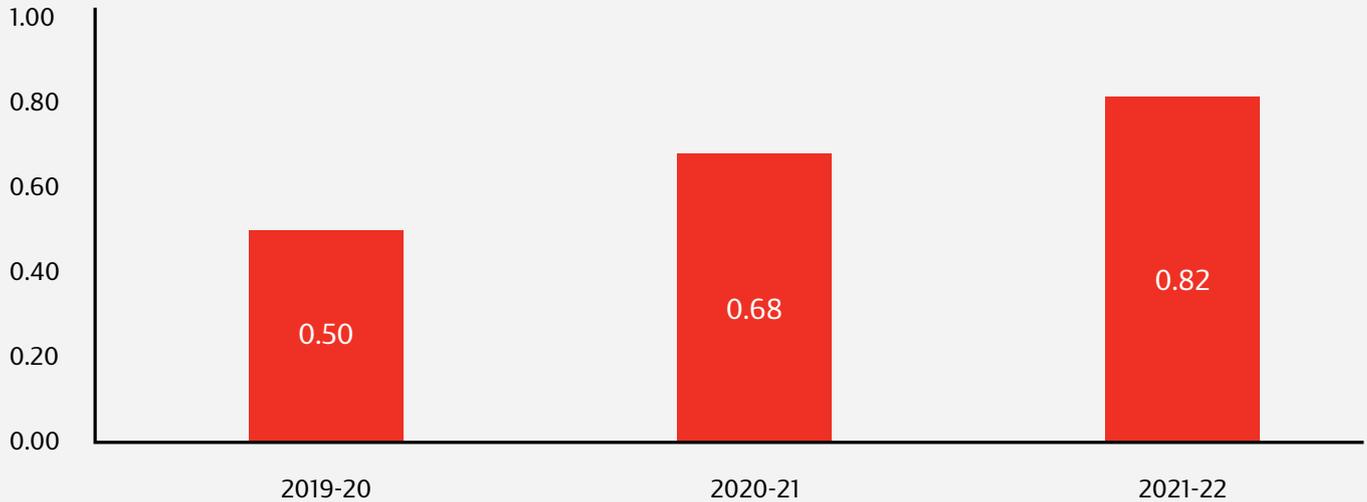


In order to create a safe workplace with good physical and mental health for all employees, including contractors and stakeholders in the organisation across the globe, the company consistently works to improve production, business processes and therefore, products. By employing various technologies in product design and new product development, it also continually works to assure the safe operation and efficient performance of equipment at it’s own sites as well as that of it’s customers.

ELGi has put in place a Health, Safety, and Environment Policy to ensure adherence to workplace health and safety regulations. The company constantly strives to maintain zero incidents across the organization by promoting a culture of safety.

Exposure to sharp edges, working in congested places and exposure to rotating parts were the major hazards that contributed to ill health during the reporting period. However, to eliminate these hazards and minimize risks, the firm used double hand switch, eliminated activities carried out in congested workplaces and guarded the parts with interlocks as well as provided additional nets for industrial fans.

LTIFR @ELGi



In addition to emphasising and enhancing workplace safety, ELGi has put in place Hazardous Identification and Risk Assessment (HIRA), a management tool which is a systematic method used in every process to identify hazards and analyse risks in the workplace. The required risk-control measures are established based on the findings of the HIRA study.

Every employee, including contractors, is familiar with and uses the near-miss reporting system. The near-miss accidents have been reported proactively to avert potential safety incidents and catastrophic occurrences. To ensure safe and healthy working environment, the status of near misses is assessed and monitored carefully. This eliminates dangers in every area of the organization’s plants and in the manufacturing processes. The active engagement of every employee in the system for reporting near misses strengthens the organization’s strong safety culture by reducing risky behaviour. An online framework to report near misses, has also been implemented.

ELGi also makes use of a portal called Documented Management System (DMS) for system-wide exchange of corporate knowledge regarding health and safety policies, practices, programmes, and documents.

All primary production facilities, including Compressor Centre, Air Compressor Plant, and Foundry Division, have ISO 9001 (Quality Management System), ISO 14001, and ISO 45001 (Safety Management System) certifications (Environment Management System). Air compressor

Plant has ISO 50001 certification (Energy Management System). To identify any gaps in the business processes’ risk assessment, external audits are planned annually. Using a systematic and scientific methodology, root cause analysis is performed for the non-conformances and the areas that need improvement.

Health and safety performance is also assessed, analysed, and reviewed through planned and impromptu safety audits, safety MIS reporting, and routinely reviewing documentation pertaining to health and safety. Policies, procedures, process mapping, SOPs, and other important policies are updated on a regular basis in accordance with worldwide standards and modern practises in health and safety management. Health and safety indicators are also regularly reviewed in high level meetings as part of the ELGi Management System review (EMS). To safeguard employees from risks, the ELGi Work Management (EWM) has been designed to such that safety control points are made available to them. These control points have health and safety performance metrics in compliance with the health and safety standards in the workplace. Safety audits are scheduled on daily and monthly basis to ensure prevention of incidents.

Another component of ELGi’s health and safety management system is Risk Reduction Programs (RRP), which involves active participation of employees to implement the control measures and integrates safety and health into daily management.

ALWAYS RESILIENT

It is our deep conviction that including stakeholders in our progress is good for the business and helps to create desired and meaningful value for those who influence our business and whose work and lives we impact. We have thus instituted mechanisms for different stakeholder groups that enable effective engagement.

Having formalized the ESG approach at ELGi and formulated a sustainability framework and roadmap to guide our sustainability journey, we have also put in place a sustainability governance structure to ensure that we grow and progress by thinking and acting in the right ways, namely, transparently, and with high standards of integrity and accountability.

Being sustainable ourselves is key to helping to our customers meet their sustainability objectives. We have rolled out initiatives that will ensure business continuity and strengthen the sustainability of our supply chains. The emphasis we place on the ESG approach extends to our supply chain partners, who are encouraged to adopt sustainable business practices and share the values we operate by.

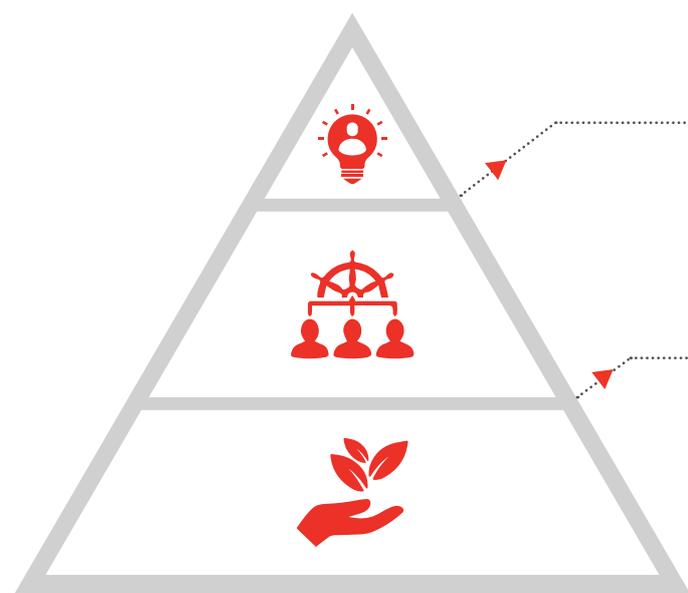
As a customer centric organization, we persevere to lower the life cycle costs of our products in terms of environmental impacts. This is achieved through ongoing innovation which enables us to produce energy efficient compressors that deliver significant savings in energy costs.

Sustainability Governance @ ELGi

ELGi is fully committed to integrating the ESG approach in our business practices and achieving the goals and targets we have set for ourselves as part of our sustainability roadmap. Accordingly, we have formulated a model for ESG governance, which encompasses a two-

tier structure comprising our ESG Steering Committee, Functional Sustainability Champions and ELGi's Sustainability Leader. The roles and responsibilities of members in each tier are well defined as are the pathways for regular engagement and reporting.

ESG Governance Model



ELGi Board

Oversight of company's ESG governance and provide inputs as required

ESG Steering Committee - Members of ELGi's Leadership Team

Active and multifaceted supervisory role in shaping the company's sustainability agenda; goal setting and review of ESG strategy and performance

Sustainability Champions - Representatives of ELGi's key functions

Ensure on the ground communication and implementation of sustainability initiatives, responsible for data review and support in identifying opportunities to reinforce the company's sustainability agenda

The ESG Steering Committee will play an active and multifaceted supervisory role, providing inputs to shaping the company's sustainability agenda, reviewing ESG goals and targets, and authorizing planned interventions. This committee will review ESG progress once each quarter and update the Board of Directors annually.

At the functional level, Sustainability Champions represent the key functions of the organization and are tasked with achieving corresponding ESG goals and targets. The goals and targets have been outlined on Pages 13-15 of this report. This team will work closely with the Sustainability Leader to achieve and fulfil ELGi's sustainability vision and strategy. The Functional Sustainability Champions will own the on-the-ground implementation of initiatives for their respective functions, ensure cascading of the goals and targets to relevant personnel and be accountable for achieving them. They will meet each month to review progress

and gaps in achieving targets, ensure a regular supply of monitoring data and assist in identifying opportunities to strengthen the sustainability agenda within the organization.

ELGi's Sustainability Leader plays a pivotal role as an intermediary between the ESG Steering Committee and Functional Sustainability Champions. The Sustainability Leader will oversee implementation of sustainability strategies (including ESG performance disclosures, marketing, and communications), track ELGi's ESG performance and ensure compliance with internal policies as well as applicable regulatory and legal requirements. Additionally, this role is tasked with providing insights to formulate systems that will reinforce the practice of sustainability at ELGi. The Sustainability Leader will update the ESG Steering Committee of the company's progress each quarter and support their annual update to the Board of Directors.

Extending ESG to Supply Chain

ELGi encourages its suppliers to practice responsible business practices beyond regulatory compliance. It is mandatory for suppliers associated with ELGi to sign and commit to ethical business practices. Policies such as Health, Safety and Environment policy, Energy policy also apply to the company's suppliers and contractors. Scheduled Supplier Safety audit has been introduced to monitor safety performance in the supply chain. Supplier quality improvement programs are also conducted including continuous improvement program and training on KANBAN systems. As a result of these initiatives, the state of MSME suppliers have been enhanced and upgraded in-line with Company's expectations

To prevent disruptions in the supply chain, constant efforts have been made to expand the supplier base to prevent supplier dependency and to create a global supplier network. To further reduce dependency, a strategic selective backward integration approach was developed so that the most critical parts of equipment are transported using in-house facilities. ELGi also promotes local sourcing with the availability of suppliers associated with ELGi for more than two decades located within Coimbatore.

Accountability to Stakeholders

ELGi is committed to fair, lawful, and ethical business practices. This characteristic is shared among the Board of Directors, senior management, employees, suppliers, customers, distributors, investors, and the community. According to ELGi, our stakeholders are our largest asset. The Company recognizes the need for inclusion of key stakeholders for the growth and sustainability of the organization. The key stakeholders have been mapped and various mechanisms and practices are employed to engage with them in effective discussions. ELGi periodically updates stakeholders on important

developments and seeks their input and response through both formal and informal communication mechanisms.

To ensure the company's value driven operations are protected, policies have been developed and formulated in line with international practices and standards such as ISO 9001, ISO 14001, ISO 45001, ISO 50001. These policies are regularly reviewed and communicated to all relevant internal and external stakeholders. ELGi also has an effective Grievance redressal mechanism to deal with issues pertaining to non-compliance.

LCA to Address Customer Centric Products



When it comes to compressors, the life cycle cost is a huge factor when ROI is concerned. Therefore, Life cycle cost is often used to determine the most cost-effective compressor. ELGi is committed to assess the environmental impacts of its activities, products, and services. The company is looking to mitigate whichever environmental impacts are under its control through life cycle assessment for all the products, planned developments, and new activities by following certain criteria.

According to general industry standards, life cycle costs include energy cost, maintenance cost and cost of the compressor and these are used as a way of comparison

between compressors. ELGi developed a new perspective to this and included downtime cost due to failure, and maintenance cost due to oil in addition to energy cost and initial cost of the compressor. Here, the energy cost contributes to more than 70% of total lifecycle cost. Hence, ELGi is constantly innovating its products by lowering the energy cost by reducing the waste energy resulting in significant reduction in lifecycle costs. Customer testimonials suggest that customers are increasingly realizing the advantages brought by lowered life cycle costs and ELGi is dedicated to address the same.

WAY FORWARD

As we progress on the path of sustainable growth, our mission to “Always be the choice everywhere” will propel

us toward fulfilling our aspiration to be one of the leaders in the global air compressor market.

Environment: Focus on energy efficiency, lower emissions, and resource-neutral operations

Intending to deliver enhanced value and support to our customers, we aim to continually increase our existing products’ energy efficiency and manufacture compressors that deliver greater energy savings and lower lifecycle costs. To lower our environmental impact,

we endeavor to reduce GHG emissions and achieve resource-neutral operations. To achieve this, we will increase the use of renewable energy and work to achieve Scope 1 and 2 emissions neutrality and lowered carbon intensity each year.

Social: Employee centricity and access to quality education

ELGi’s people drive our growth. Ensuring their professional development and supporting them to be #Always Better will take precedence. Additionally, creating an employee-centric work culture and a safe, accident-free workplace will continue to be priorities. We intend to improve our performance in these respects

by benchmarking ourselves against established industry standards.

We will remain committed to providing access to high-quality education for a large number of economically challenged children, enabling them to improve their socioeconomic status.

Governance: Inclusive ESG governance

Our recently formulated sustainability governance structure and ESG framework will enable us to continue emphasising integrity, transparency, and accountability in all aspects of our business. An ESG review mechanism will help formalize the review and monitoring of our ESG progress, while disclosures in adherence with globally respected standards will allow us to share our progress with our stakeholders.

We are confident about the values and practices that have anchored our thinking and actions, and we humbly appreciate and have deep respect for our stakeholders whose support is inextricably linked to our growth and success. At ELGi, we strive to be #Always Better for our people, communities, environment, and other stakeholder groups.

GRI INDEX

Disclosure	Description	Reference	Page No	BRSR Reference
Organizational profile				
GRI 102-1	Name of the organization	Cover Page	1	Section A
GRI 102-2	Activities, brands, products, and services	About ELGi-Overview	7	Section A
GRI 102-3	Location of headquarters	About Elgi-Company Brief-Our Presence	6	Section A
GRI 102-4	Location of operations	About Elgi-Company Brief-Our Presence	6	Section A
GRI 102-6	Markets served	About Elgi-Company Brief-Our Presence	6-7	Section A
GRI 102-7	Scale of the organization	Across the report		Section A
GRI 102-8	Information on employees and other workers	Always Reliable-Talent Development	45	Section A
GRI 102-9	Supply chain	Always Resilient-Extending ESG to Supply Chain	60	Principle 1 and 8
GRI 102-11	Precautionary Principle or approach	Risk Management	23-25	-
GRI 102-12	External initiatives	Sustainability at Elgi	11-17	-
GRI 102-13	Membership of associations	About Elgi-Company Brief-Collaborations	8	Principle 7
GRI 102-14	Statement from senior decision-maker	Leadership Message	3-4	Section B
GRI 102-15	Key impacts, risks, and opportunities	Risk Management	23-25	Section A
Ethics & Integrity				
GRI 102-16	Values, principles, standards, and norms of behavior	About ELGi Overview	5	-
Governance				
GRI 102-18	Governance structure	Corporate Governance	25	Section B
GRI 102-19	Delegation Authority	Corporate Governance	25	Section B
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Always Resilient-Sustainability Governance @Elgi	59	Section B
GRI 102-36	Process for determining the remuneration	Always Reliable- Equitable and Fair Remuneration to all	50	
GRI 102-37	Stakeholders' involvement in remuneration	Always Reliable- Equitable and Fair Remuneration to all	50	

Disclosure	Description	Reference	Page No	BRSR Reference
Stakeholder Engagement				
GRI 102-40	List of stakeholder groups	Stakeholder Engagement and Materiality	18-22	Principle 4
GRI 102-42	Identifying and selecting stakeholders	Stakeholder Engagement and Materiality	18-22	Principle 4
GRI 102-43	Approach to stakeholder engagement	Stakeholder Engagement and Materiality	18-22	Principle 4
GRI 102-44	Key topics and concerns raised	Stakeholder Engagement and Materiality	18-22	Principle 4
Reporting Practices				
GRI 102-46	Defining report content and topic Boundaries	About the Report	10	Section A
GRI 102-47	List of material topics	Stakeholder Engagement and Materiality	18-22	Section A
GRI 102-50	Reporting period	About the Report	10	Section A
GRI 102-52	Reporting cycle	Annually	10	Section A
GRI 102-53	Contact point for questions regarding the Report	About the Report	10	Section A
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About the Report	10	-
GRI 102-55	GRI content index	GRI Index		-
Economic Disclosures				
GRI 103	Management Approach	Sustainable Business-Economic Performance at a glance	29-30	-
GRI 201: Economic Performance				
GRI 201-1	Direct economic value generated and distributed	Sustainable Business-Economic Performance at a glance	29-30	-
GRI 205: Anti-Corruption				
GRI 205-2	Communication and training about anti-corruption policies and procedures	Risk Management-Ethics and Compliance	28	Principle 1
Environmental Disclosures				
GRI 103	Management Approach	Always responsible	33	Principle 6

Disclosure	Description	Reference	Page No	BRSR Reference
GRI 302: Energy				
GRI 302-1	Energy consumption within the organization	Always responsible -Resource neutral- Energy and Emissions	33	Principle 6
GRI 302-4	Reduction of energy consumption	Always responsible -Product stewardship	38	Principle 6
GRI 303: Water and Effluents				
GRI 303-1	Interaction with water as a shared resource	Always responsible- Resource neutral- Water	36	Principle 6
GRI 303-2	Management of water discharge related impacts	Always responsible -Product stewardship-ATS ELGi's Smart Washing Solutions	42	Principle 6
GRI 303-3	Water Withdrawal	Always responsible- Resource neutral- Water	36	Principle 6
GRI 303-4	Water discharge	Always responsible- Resource neutral- Water	36	Principle 6
GRI 303-5	Water consumption	Always responsible- Resource neutral- Water	36	Principle 6
GRI 305: Emissions				
GRI 305-1	Direct (Scope 1) GHG emissions	Always responsible -Resource neutral- Energy and Emissions	33	Principle 6
GRI 305-2	Energy indirect (Scope 2) GHG emissions	About ELGi Overview Collaborations	8	Principle 7
GRI 305-5	Reduction of GHG emissions	Always responsible -Product stewardship- Oil Free compressors paving the way for future	40	Principle 6
GRI 305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Always responsible -Resource neutral: Energy and Emissions	33	Principle 6
GRI 306: Effluents and Waste				
GRI 306-1	Waste generation and significant waste-related impacts	Always responsible -Resource neutral: Waste	37	Principle 6
GRI 306-2	Management of significant waste-related impacts	Always responsible -Resource neutral: Waste	37	Principle 6
GRI 306-3	Waste generated	Always responsible -Resource neutral: Waste	37	Principle 6

Disclosure	Description	Reference	Page No	BRSR Reference
GRI 306-4	Waste diverted from disposal	Always responsible -Resource neutral: Waste	37	Principle 6
GRI 306-5	Waste directed to disposal	Always responsible -Resource neutral: Waste	37	Principle 6
GRI 308: Supplier environmental assessment				
308-2	Negative environmental impacts in the supply chain and actions taken	Always resilient - Sustainability governance @ELgi: Extending ESG to supply chain	60	Principle 5
Social Disclosures				
GRI 103	Management Approach	Always Reliable	44	-
GRI 401: Employment				
GRI 401-1	New employee hires and employee turnover	Always Reliable-Talent Development	45	Section A
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Always Reliable-Assistance to employees	51	Principle 3
GRI 403: Occupational Health and Safety				
GRI 403-1	Occupational health and safety management System	Always Reliable-Occupational Health and Safety	57	Principle 3
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Always Reliable-Occupational Health and Safety	57	Principle 3
GRI 403-3	Occupational health services	Always Reliable-Occupational Health and Safety	57	Principle 3
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Always Reliable-Occupational Health and Safety	57	Principle 3
GRI 403-5	Worker training on occupational health and safety	Always Reliable-Occupational Health and Safety	57	Principle 3
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Always Reliable-Occupational Health and Safety	57	Principle 3

Disclosure	Description	Reference	Page No	BRSR Reference
GRI 403: Occupational Health and Safety (Cont'd)				
GRI 403-8	Workers covered by an occupational health and safety management system	Always Reliable-Occupational Health and Safety	57	Principle 3
GRI 403-9	Work-related injuries	Always responsible -Product stewardship	38	Principle 6
GRI 403-10	Work-related ill health	Always Reliable-Occupational Health and Safety	57	Principle 3
GRI 404: Training and education				
GRI 404-1	Average hours of training per year per employee	Always Reliable-Learning and Development	46	Principle 3
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Always Reliable-Learning and Development-Technology Skill Development	47	-
GRI 405: Diversity and equal opportunity				
GRI 405-1	Diversity of governance bodies and employees	Always Reliable-Diversity and Inclusion	44	Section A
GRI 412: Human Rights				
GRI 412-2	Employee training on human rights policies or procedures	Always Reliable-Human Rights	44	Principle 5
GRI 413: Local Communities				
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Always Reliable-Corporate Social Responsibility	54	Principle 8
GRI 416: Customer Health and Safety				
GRI 416-1	Assessment of the health and safety impacts of product and service category	Always Resilient-LCA to address customer centric products	61	Principle 2
GRI 417-1	Requirements for product and service information and labeling	Always Responsible-Product Stewardship	38	Principle 9
GRI 419: Socio-economic compliance				
419-1	Non-compliance with laws and regulations in the social and economic area	Always Reliable-Socio-Economic Compliance	44	-

ELGI[®]
Always Better.



ELGI EQUIPMENTS LIMITED

CIN: L29120TZ1960PLC000351

Singanallur, Coimbatore - 641005, India.

T: +91 422 2589555 **E:** enquiry@elgi.com

Toll-free no: 1800-425-3544 | 1800-203-3544

(applicable for India only)

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