

ESG POLICY



Our Commitment

At CESC, sustainability is about supplying safe, cost effective, low carbon and reliable electricity through our responsible and diverse value chain. The ESG policy and guidelines herein applies to our employees, contractors, suppliers and the various business of CESC and its subsidiaries.



The policies and strategies aligned to the commitment is overseen by respective Business vertical heads under the guidance of Board of Directors led by the Honorable Chairman.



Environmental Stewardship

- 1.1. Overview: CESC aims to become a pioneer in environmental stewardship through 1. Commitment to climate change 2. Construction of green infrastructure 3. Preserving natural resources
- 1.2. Commitment to climate change: CESC believes low carbon transformation can be achieved through continuously improving our energy productivity, increasing reliance on renewable energy in our power value chain and arresting pollution to the environment by assessing the latest available technologies.
- 1.3. Construction of green infrastructure: CESC facilities and infrastructure follow green building principles to become environmentally responsible and resource efficient throughout the building lifecycle and at the same time ensure that the processes and materials used do not have any negative impact on human health.
- 1.4. Preserving natural resources: CESC understands that the availability of ecological goods and services are essential to economic growth. The Company is aware of and respects the limitations pertaining to availability of the ecological goods and services including the provisions for competitive uses and users of ecological systems as per existing environmental regulations and addresses this scarcity by protecting and maintaining ecology and improving operational efficiency.

We will achieve this by -

-  Aligning our goals and targets to organizational and national commitments as well as upholding our commitments to stakeholders
-  Increasing Energy Efficiency - It starts with reducing dependence on fossil fuel sources through increased energy efficiency measures inspired by our Globally recognized UN approved initiatives and reducing losses in our distribution through technical interventions and social upliftment

- 💡 Building reliance on renewable energy – Exploring opportunities to source renewable energy from generators through PPAs and evaluating opportunities for solar rooftop in our facilities
- 💡 Adopting green building principles in our way of undertaking individual tasks, which stakeholders related to us will continue to be inspired by the success in us achieving the highest levels of green building certification and recognition
- 💡 Encouraging our consumers to use energy efficient and safe equipment and technologies
- 💡 Reducing water footprint by adopting rainwater harvesting practices that recharge groundwater, implementing closed loop measures that reuse and recycle water in operations
- 💡 Minimizing waste in operations by adopting circular economy as a principle in any resource extracted from nature as we have been committed in 100% fly ash utilization in cement production, brick manufacturing, ash dyke raising, reclamation of low land and developing various grades of concrete for road construction
- 💡 Implementing integrated biodiversity conservation that restores and protects natural habitats for threatened or vulnerable species as per IUCN Red List



Social Responsibility

2.1 Overview: CESC's principle towards the social responsibilities are spread into four wings i.e. Environmental, Human rights, Philanthropic and Economic responsibility and its constant endeavor to be recognized as the Employer of Choice and Community Changemaker. We believe diversity, inclusion and equity, assurance to workplace prosperity and adherence to applicable labor health and safety regulations are key to being recognized as the Employer of Choice while humaneness in our approach will make us a Community Changemaker. This belief comes from the trust we have built with our stakeholders through our actions that are aligned with the Core Values. Some of the strategies adopted by the Company to become more socially responsible are:

- 💡 Promoting Healthy and Inclusive Workplace Cultures – It starts with workplace culture and the internal community and creating environments to enable employees to thrive and excel.
- 💡 Designing Goals with Measurable Impact with multiple priorities in mind including community impact, internal business practices, marketing reach, and public and government relations.
- 💡 Aligning Community Impact Goals with Business Practices by identifying causes that align with its mission, employee base, and communities through authentic and sincere actions.
- 💡 Leveraging its Core Capabilities by playing its core strengths and utilizing the advantage of its strongest assets.
- 💡 Soliciting Feedback and Engagement to Maximize Stakeholder Value by taking strongest community initiatives and incorporate feedback from employees, consumers, and the individuals that the initiative impacts.

- 2.2. Diversity, Inclusion and Equity: CESC is committed to upholding the fundamental responsibilities to respect and protect human rights. Respect for human rights include ensuring that the business upholds decent work, does not indulge in child labor, forced labour, discrimination and provides suitable opportunities to report grievances and ensure satisfactory resolution in a timely manner. Equity seeks to ensure fair treatment, equality of opportunity, and fairness in access to information and resources for all. We believe this is only possible in an environment built on respect and dignity. Inclusion builds a culture of belonging by actively inviting the contribution and participation of all people.
- 2.3. Workplace Prosperity: CESC believes talent attraction and development, motivation of the human capital through engagement and rewarding their actions, are key elements to employee retention and maintaining the employee productivity at the workplace. CESC believes in;
 - 💡 Providing employees with the right tools and the right information at the right time
 - 💡 Rewrite the rules for the changing workforce demographics
 - 💡 Spending time and effort to engage employees
- 2.4. Operational Health and Safety: CESC believes that every accident is avoidable and excellence in safety practices is an outcome of creating a safety culture within the organization. These shall be achieved by implementing safety work procedures, promoting a safety culture and monitoring and controlling unsafe work condition in the journey towards 'Zero Accidents'.
- 2.5. Strengthening Communities: CESC believes that strong communities are the underpinning of a successful and responsible business. CESC upholds its brand equity, builds trust and harmonizes its relationship with the communities in which it operates by listening to their voices, responding to their needs and actively participating through engagements that are designed to facilitate the provision of these needs. The interventions of CESC encompass education and child protection, skill development, health and environment.



Governance and Accountability

- 3.1. Overview: Our governance framework aims to uphold the highest uncompromising standards of transparency, accountability, independence and ethics. The framework strives towards achieving the maximum stakeholder value
- 3.2. Transparency: We believe in maintaining transparency and public accountability to our ESG commitments. We publish information related to our annual ESG performance on annual ESG Report truthfully, completely and reliably.
- 3.3. Accountability: Diversity within the Board is driven by subject matter of expertise, skills, achievements and competencies of the Board members which are enabling factors towards a robust governance of policies and procedures and provide key insights on strategy. The Board of Directors currently have five committees namely Audit Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee which are responsible for enforcing policies and procedures across business functions.
- 3.4. Independence: CESC encourages members of the committees and the Board of Directors to put forth independent views and act morally and ethically in adherence to the Code of Conduct. The Core Values of RP Sanjiv Goenka Group (RPSG Group) are drivers to achieving the highest standards of ethics and integrity in dealing with its stakeholders.
- 3.5. Ethics: Every business of CESC and its subsidiaries will conduct business in an ethical manner and the directors and all employees, including senior management will conduct themselves in accordance with the highest moral and ethical standard as per the Code of Conduct.

3.6. Every business of CESC and its subsidiaries will endeavor to

- 💡 Comply with local, regional and national regulatory requirements
- 💡 Uphold RPSG Group's Core Values in dealing with and managing relations with internal and external stakeholders, in doing so respect the human rights principles
- 💡 Undertake assessment of key material issues impacting the business and stakeholders on annual basis
- 💡 Define voluntary reasonable targets, goals and objectives, and in doing so be recognized as
 - 💡 an Equal Opportunity Employer
 - 💡 a Power Supplier of Choice
 - 💡 an Environmental Steward
 - 💡 a Community changemaker
- 💡 Monitor these targets by creating processes, developing and measuring key performance indicators
- 💡 Continually improve performance and seek solutions to the material issue
- 💡 Monitor, measure and report progress against the assessed material issues and review performance on a periodic basis
- 💡 Sensitize value chain members to encourage responsible and efficient supply chain