



ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY**

(Approved in Board Meeting held on May 25, 2025)

Administration, Human Resource & Company Secretarial Group

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY**

As per Company Policy for delineating as a responsible corporate citizen, it undertakes responsibilities with regards to Environment, Social & Governance (ESG). Accordingly, it has framed the ESG policy which describes the Company's commitment to sustainability, including mitigating environmental impacts, addressing relevant social issues and maintaining sound governance procedures.

### **Our ESG Vision**

- Protecting the environment and reducing our ecological footprint
- Promoting social responsibility and human rights
- Upholding strong governance practices and maintaining transparency in our operations

### **Objective & Scope**

The objective of this policy is to affirm the company's commitment to achieving long-term sustainable outcomes through sustainable practices and resource conservation. The policy describes the overall intentions and direction of the company related to environmental and social performance. It provides a framework for the setting of its ESG objectives and targets. This Policy applies to all of the company's operating business activities. It sets out the sustainability commitments and intents for all employees, and contractors operating with and under the company.

### **Definitions**

1. "Company" means "Asset Reconstruction Company (India) Limited (Arcil)"
2. "Policy" means "Environment, Social, and Governance (ESG) Policy"
3. "Board" means "Board of Directors of the Company"

### **Policy Statement**

The company is committed to achieving long-term sustainable outcomes through its products and services to the broad stakeholders. We will reduce energy consumption and greenhouse gas emissions, conserve water and minimize waste. We will support for the resolution of distressed assets in renewable energy projects and prioritize for sustainable energy production on case-to-case basis. Comply with environmental laws and regulations.

The following principles guide the approach to the sustainability of the company:

- Integrating ESG considerations into the Business Processes & Services.

- Implement sustainable practices, where feasible, through innovation and the sharing of best practices across the Business Chain.
- Act responsibly as a steward of the natural environment by addressing environmental impacts whilst also enhancing operational efficiency and values.
- Recognize the social impact and have consideration for the local communities in which the Company operates.

In simple terms, the company reviews performance to define material issues, develops improvement objectives, implements and tracks progress. This framework will assist in the development and continual improvement of sustainability performance to the benefit of all the stakeholders.

### **Management of the Company's Environmental Impact**

The company acknowledges that its operations have both a direct and indirect impact on the environment.

The Company is committed to water management, protection of the environment, compliance with all relevant legal obligations, and integrating sustainability and climate risks into all processes and stages of its business cycle.

#### **Environmental Impact areas are:**

1. **Water management** – Conserve water, reduce wastewater and implement efficient water management systems including clean and safe drinking water.
2. **Waste management** – Implement recycling programs, reduce waste, and promote sustainable practices.
3. **Resource Conservation** – Conserve natural resources, reduce material usage, and promote sustainable supply chain practices.

The threat of climate change have raised concerns about the environment and the potential financial impact on businesses. Sustainable options are increasingly being considered as part of investment choices. The issues are diverse, but the main areas are:

- The impact of climate change on businesses
- Efficient energy consumption
- Water & Waste Management during company's business operations

### **The Company's Commitment to Employees and a Sustainable Society**

Sustainability is a core part of the company's business culture and a central pillar of the Company's business strategy. We will educate and enable our stakeholders on how we can work together to make a society sustainable. Inclusion, diversity, and equality are becoming

more important considerations in relation to the way in which businesses operate and can generate competitive advantage; with these areas attracting increasing scrutiny from a range of stakeholders. In particular, there are increasing commercial benefits for businesses that have inclusive and diverse work ethics and practices; and we look at the impact a company has on its employees, local communities, and society. The main areas of consideration are:

- Equality and diversity among employees
- Transparency & Business Ethics
- Community Upliftment
- Grievance Handling
- Human Capital Development
- Privacy & data security

### **Ethics and Governance**

The Company employs clear rules to encourage exemplary day-to-day behaviour and to enable innovation while managing risk in a stringent regulatory environment. The Company addresses a number of issues and including others: Health and Safety, Fraud, Corruption, Environmental Protection, etc.

In addition, the company will implement the following approaches to ensure sustainability factors are covered. Corporate governance covers the rights and responsibilities of the management of a company – its structures, corporate values, and accountability processes. This relates to the following areas:

#### **Ethics**

- **Code of Conduct** – Establish a code of conduct that outlines expected behaviour and ethical standards
- **Corporate Social Responsibility** – Engage in Corporate Social responsibility initiatives that promote social and environmental well-being.
- **Whistleblower Protection** – Provide protection for whistleblowers who report misconduct or unethical behaviour.
- **Respect for Human Rights** – Respect human rights and promote diversity, equity and inclusion.

#### **Governance**

- **Board of Directors** – Establish a board of directors that provides oversight and guidance.
- **Corporate Governance Framework** – Develop a Corporate governance framework that outlines roles, responsibilities and accountabilities

- **Transparency and Disclosure** - Ensure transparency and disclosure in financial reporting and decision making processes
- **Risk Management** – Implement risk management practices to identify and mitigate tasks.

### **Responsibility and Administration of Policy**

The Company's Board has overall responsibility for this Policy. However, all the Company's employees are responsible for ensuring they follow the Company's ESG Policy and Senior Management's support in the implementation of the decision-making processes. This Policy is communicated to all employees and is maintain publicly available on the Company's Website.

### **Review and Amendment**

The Policy may be amended or substituted by the Board as and when required or when there are statutory or regulatory changes necessitating the change in the Policy. This Policy shall be reviewed by the Board on the recommendation of CSR & ESG Committee on an annual basis. Any deviation from the policy shall be approved by the Board of Directors.