

Environment, Social & Governance Policy

1.0 Philosophy

POWERGRID is committed to continue its Sustainability Journey, which it embarked on with the disclosure of its Environmental and Social Policy & Procedure (ESPP) in 1998 and furthered it, subsequently, by disclosing biennial Sustainability Reports based on GRI frameworks & standards. Now, as a responsible corporate entity and a firm believer in continual improvement, POWERGRID endeavours to provide further impetus to its Sustainability efforts through adoption of ESG framework for reporting on its material issues and associated disclosures. While ensuring **complete compliance with applicable regulatory framework**, we aspire to become a part of the solution of the pressing problems threatening the world such as Global Warming & Climate Change and accordingly, we strive to become a **net zero emission company** by 2047.

2.0 Scope & Applicability

The ESG Policy is applicable to all establishments fully owned by POWERGRID.

3.0 Approach & Focus Areas

Our approach towards ESG is based on the cardinal principles of Avoidance, Minimization and Mitigation as enlisted in our ESPP (<https://www.powergrid.in/esmd/#disclosures>) while dealing with negative externalities associated with our business processes. More specifically, our Focus Areas and approach towards three pillars of ESG are indicated below:

- **Environment:**
 - Assessment of every upcoming project based on our stringent Environment & Social (E&S) criteria and selection of the most optimum route/ site with least environmental/ social footprints.
 - Progressive reduction in our total Green House Gases (GHG) emissions and energy consumption.
 - Avoidance/ Minimization of involvement of ecologically and socially sensitive areas such as Forests/ Wildlife/ Wetlands and populated/historically & Archaeologically important areas, religious places, schools, colleges etc
 - Preference to renewal sources of energy in place of conventional / fossil fuels for own/ internal consumption.
 - Optimizing our waste and water footprints.

- Complying with the safeguard requirements of the funding agencies such as The World Bank and The Asian Development Bank etc.
 - Undertaking Environmental Stewardship Programmes such as Voluntary Afforestation activities, Rainwater harvesting, funding for renewal energy projects etc.
- **Social:**
 - Further, strengthening our relationship with our stakeholders such as employees, suppliers and customers and ensuring complete transparency while dealing with them.
 - Undertaking meaningful and need based projects aimed at the welfare of the communities residing in the areas of our operations under the aegis of Corporate Social Responsibility (CSR)
 - Providing utmost importance to safety in our activities with an aim to achieve and maintain “Zero Fatality” status.
 - Embrace and value diversity in all forms, i.e. gender, religion, caste or cultural background and providing equal opportunity to all in our recruitment process.
 - Adoption and implementation of Affirmative Actions for weaker sections of the society, in line with, Government of India’s mandate/ policies.
 - Formulation, Adoption and implementation of best in class Human Resource Practices with a goal to help our manpower realize their full potential.
 - Conducting Free, Fair and effective public consultation at every stage of projects i.e. right from pre-construction to operation stage and address each and every genuine concerns of members of public related to our project.
 - **Governance:**
 - Maintaining highest standards of corporate Governance through continued compliance with all applicable legislations and by ensuring diversity of Board, executive pay as mandated by Government of India, timely and effective audits, internal controls, and protecting shareholder rights.

4.0 Implementation

Executive Director (ESMD & CSR) will be responsible for overall implementation and monitoring of the policy in the organization. At Regional/ departmental level, respective Executive Directors will be responsible for implementation of the policy, while at

substation / establishment level, responsibility of implementation lies with the concerned Substation / Office-In-charges.

5.0 Alignment

This policy is in alignment with and complements the existing Policies of POWERGRID such as ESPP, Health & Safety policy, Quality Policy, Human Rights Policy, Water Management Policy, Waste Policy as well as various certifications awarded to POWERGRID for example IMS {combining the requirements of ISO 14001:2015 (EMS), ISO 9001:2015 (QMS), ISO 45001:2018 (OH&SMS)}, SA 8000:2014 and ISO 50001:2018 (Energy Management System).

Since, POWERGRID's ESPP has already been awarded equivalence under the Use of Country System of the World bank and the Country Safeguard System (CSS) of the Asian Development Bank, this ESG policy is also in agreement with the requirements of these two multilateral funding organizations.

6.0 Review & Revision

The ESG Policy will be subject to periodic review and revision in line with changing regulatory framework and business dynamics, as well as expectations of stakeholders. CMD / Director (Projects) are authorized to make any amendments to the policy, as may be required from time to time, with changes to be informed to Board subsequently.