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THDC INDIA LIMITED

**Environment, Social and Governance
(ESG) Policy
&
ESG Management System
(ESG-MS) Framework Document**

THDC INDIA LIMITED

May 2025

THDC INDIA LIMITED

ENVIRONMENTAL SOCIAL AND GOVERNANCE POLICY

1. Introduction

1.1. Policy Title

This document, hereinafter referred to as the "Policy," shall be known as the "ESG Policy" of THDC India Limited (hereinafter referred to as "THDCIL" or the "Company").

1.2. Company Background

THDC India Limited is a prominent player in the Power Sector and a profit-making Public sector Enterprise. It was incorporated as a Public Limited Company in July 1988 under the Companies Act, 1956. THDCIL attained 'Mini Ratna' Category-I Status in October 2009 and was subsequently upgraded to a Schedule 'A' PSU in July 2010 by the Government of India. Initially, the company's equity was shared between the Government of India and the Government of Uttar Pradesh in the ratio of 75:25. Following a Strategic Sale, the Share Purchase Agreement was executed between THDC Limited and the President of India on 25th March 2020, resulting in the acquisition of legal and beneficial ownership of equity held by the President of India in THDC India Limited. Post-Strategic Sale, the equity in THDC India Limited is divided between NTPC and the Government of Uttar Pradesh in the ratio of 74.496% and 25.504% respectively.

The Authorized Share Capital of the Company is INR 4000 Crores, and the paid-up capital as of 31st March 2023 is INR 3665.88 Crores. THDCIL has been consistently profitable since its first year of commercial operation in 2006-07 when it commissioned its maiden project, the Tehri Hydro Power Complex (Tehri HPP - 1000 MW). Over the years, THDCIL has expanded its operations beyond the Tehri Hydro Power Complex, venturing into electricity generation from renewable energy sources and thermal power plants.

Currently, THDCIL manages a diverse portfolio of 10 projects (Hydro, Thermal, Wind, & Solar) with a total capacity of 4516 MW. This portfolio includes 1587 MW operational projects (such as Tehri HPP-1000 MW, Koteshwar HEP-400 MW, Dhukwan SHP-24 MW, Patan Wind Farm-50 MW, Devbhumi Dwarka Wind Farm-63 MW, and Kasaragod Solar Power Plant-50 MW), 2764 MW of projects under construction (including Tehri PSP-1000 MW, VPHEP 444 MW, and Khurja 1320 MW).

As THDC expands its renewable energy portfolio and infrastructure projects, the company recognizes its role in addressing climate change, resource efficiency, and social equity. This ESG Policy underscores THDCIL's commitment to responsible business practices, aligning with India's Net-Zero target (2070), National Electricity Plan (NEP), and Sustainable Development Goals (SDGs 7, 9, and 13)

As THDC expands its operations, it will integrate ESG across all projects, ensuring responsible power generation, resource efficiency, and socio-economic impact assessment in alignment with India's sustainability goals.

1.3. Commitment to Sustainability

As a Public Sector Undertaking, THDCIL is unequivocal in its commitment to becoming a world-class energy entity with a strong focus on sustainability. The company strives to build enduring, value-based relationships with its stakeholders underpinned by mutual trust. THDCIL is dedicated to generating reliable power in a sustainable manner, leveraging diverse energy resources and innovative, eco-friendly technologies. Through these efforts, THDCIL aims to contribute to the

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economic development of the nation, upliftment of society, and the preservation of a healthy environment.

THDCIL is committed to aligning its sustainability initiatives with the Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP), and the Science-Based Targets initiative (SBTi). By integrating these frameworks, THDC aims to enhance transparency, climate resilience, and responsible energy production.

1.4. Introduction to Environmental, Social, and Governance (ESG)

The commitment made by India's Prime Minister in the 2021 Paris Agreement to achieve net-zero emissions by 2070 marks the inception of a new era of environmental stewardship within the nation. In response to this pledge, Indian corporate entities are increasingly integrating Environmental, Social, and Governance (ESG) principles into their overarching business strategies. This article delves into the rationale behind the escalating significance of ESG in India, the current state of ESG integration, and the impending challenges.

Environmental, Social, and Governance (ESG) criteria have emerged as pivotal benchmarks for companies that aspire to foster sustainable and ethical business practices. ESG considerations now occupy a prominent position in investment decision-making, driven by the escalating demand from socially conscious investors and the growing influence of customers and stakeholders. This document examines the evolution of ESG disclosures within the regulatory framework of India, with a specific emphasis on the Business Responsibility and Sustainability Reporting (BRSR) framework introduced by the Securities Exchange Board of India (SEBI).

1.4.1. A Framework for Values-Based Investing

Environmental, social, and governance (ESG) criteria serve as a framework tailored to investors who aspire to integrate personal values into their investment strategies. The ESG screening process involves the identification of companies that have embedded sound environmental practices, robust social responsibility principles, and ethical governance initiatives into their corporate policies and day-to-day operations. ESG processes and procedures pivot toward non-financial performance indicators, encompassing a company's approach to responsible investing, sustainability, its societal and environmental impact, as well as other ethical and corporate governance considerations.

1.4.2. The Evolving Landscape of ESG in India

ESG analysis transcends the traditional approach of assessing investments solely through financial metrics. In India, legislative efforts have been made to address various aspects of ESG, albeit in a somewhat fragmented manner. For instance, the requirement for boards to report on energy conservation and technology absorption signifies a step toward comprehensive ESG reporting. These aspects necessitate detailed disclosure, encompassing actions taken to conserve energy, the utilization of alternative energy sources, investments in energy-saving equipment, efforts toward technology absorption, and more. Additionally, directors bear a fiduciary duty toward the community and environmental protection.

Corporate Social Responsibility (CSR) activities are mandated to be disclosed separately in annual reports, aligning with ESG considerations. However, the closest alignment with ESG principles can be found in the Business Responsibility Reports (BRR), which are mandated exclusively from an

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ESG perspective. BRR, or Business Responsibility Reports, can be considered a pioneering step in India, as they promote non-financial reporting on a mandatory basis.

1.4.3. THDCIL's Commitment to Sustainability and ESG

This document delineates the Company's approach toward sustainability and ESG, encapsulated within "the Policy." It is conceived as a guiding framework for managing the Company's environmental, social, and governance impacts and risks. Furthermore, it is designed to facilitate responsible financing endeavours oriented toward long-term value creation.

ESG is embedded into THDC's corporate strategy by integrating sustainability metrics into project approvals, financial planning, and operational frameworks. Each business unit is mandated to incorporate ESG impact assessments before initiating new projects. The ESG Committee will oversee the integration of these sustainability factors to ensure alignment with long-term business objectives and stakeholder expectations as per THDCIL's ESG management system framework..

2. Objective of the document

The primary objective of this document is to systematically integrate environmental, social, and governance (ESG) considerations into our operational framework and core business practices. This integration is aimed at effectively mitigating material impacts and associated risks while serving as a comprehensive guide for all ESG initiatives and activities undertaken by the Company.

Our approach to ESG integration encompasses the establishment of a robust governance mechanism, the implementation of a structured framework, the development of risk management systems and controls, the infusion of environmental and social considerations into the standard operating procedures governing our operations, and transparent communication and disclosure of our ESG performance.

2.1 ESG Vision

Our ESG vision is to be recognized as an environmentally and socially responsible power generation entity dedicated to generating sustainable long-term value for all our stakeholders.

2.2 ESG goals

THDC is committed to the following ESG goals:

1. **Environmental Stewardship:** Address land, water, and air quality for a sustainable environment.
2. **Resource Conservation:** Dedication to resource conservation through reduction, reuse, and recycling.
3. **Renewable Energy Advocacy:** Promote renewable energy, energy efficiency, and reduce Greenhouse Gas emissions.
4. **Biodiversity Conservation:** Commitment to safeguarding and restoring ecosystems.
5. **Ethical Transparency:** Prioritize transparency, ethics, and fairness in stakeholder interactions.

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6. **Community Well-being:** Contribute to improving the standard of living for local communities.
7. **Knowledge Dissemination:** Raise awareness and support training programs on sustainable development.
8. **Profitability with Responsibility:** Enhance profitability while upholding ethical, environmental, and social responsibilities.
9. **ESG Integration:** Integrate ESG practices throughout the business and value chain.
10. **Best-in-Class ESG Ratings:** Strive for industry-leading ESG ratings.
11. **Carbon Neutrality:** Target to be a carbon-neutral power generator.
12. **Environmental Improvement:** Achieve the highest environmental standards, minimize footprints, and engage stakeholders.
13. **Stakeholder Partnerships:** Collaborate with various stakeholders for environmental management.
14. **Culture of Excellence:** Foster a culture of excellence, environmental conservation, climate resilience, and circular economy promotion.

2.3 Strategic Approaches

To accomplish our ESG goals, we employ the following strategic approaches:

1. **Optimal Resource Utilization:** We focus on sustainable sourcing, efficient resource allocation, and responsible waste management to meet ESG compliance criteria effectively.
2. **Renewable Energy Adoption:** We are committed to transitioning to renewable energy solutions, showcasing our resilience to climate challenges and contributing to emissions reduction.
3. **Addressing Social Indicators:** Attention is given to employment opportunities, employee welfare, and social impact assessments as integral components of our Corporate Social Responsibility (CSR) initiatives.
4. **Streamlined Processes:** We allocate skilled professionals to source and analyze ESG data, streamline processes, and enhance sustainability within our supply chain.
5. **Transparent Reporting:** Transparent reporting, data visibility, and compliance with global disclosure standards are key principles we adhere to, preventing ESG washing and enhancing our credibility.
6. **Adopt a Proactive Approach:** Place ESG considerations at the forefront of decision-making.
7. **Innovate and Adopt Environment-Friendly Technologies:** Conduct R&D activities to adopt climate-resilient, environment-friendly technologies.
8. **Resource Conservation and Waste Reduction:** Strive to conserve resources, reduce waste, and adopt best practices to minimize the environmental footprint.

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9. **Continual Improvement:** Review and improve environmental management systems, integrating them into business processes.
10. **Stakeholder Engagement:** THDCIL shall continue to identify all stakeholders and engage with them at appropriate levels to exchange views on environmental concerns and mitigation measures as well as empower them to achieve its goals.
11. **Promote Excellence and Partnerships:** Promote excellence through scientific and technical pursuits and collaborate with research institutes for environmental and management research.
12. **Capacity Building:** Promote capacity building in ESG aspects this includes collaborating with leading institutes, establishing ESG committee, conducting awareness programs of the stakeholders. Allocate adequate resources (manpower and budget etc.) towards training workforce on ESG policy and commitments. Additionally, stakeholders will be encouraged to integrate ESG into their activities and decisions.

3. ESG Objectives:

Our ESG objectives are deeply ingrained in our corporate ethos and guide our actions towards a sustainable and responsible future.

1. Ensure compliance with all relevant and applicable statutory rules and regulations.
2. Integration of environmental, social, ethical governance and economic criteria within our operations.
3. Demonstrate accountability to ESG related concerns of all stakeholders.
4. Embrace key international ESG standards and guidelines, relevant to our business and jurisdiction, and strive to adopt best practices to make the entire power generation value chain sustainable.
5. Allocate resources towards training workforce on ESG policy and commitments to instill an organization wide culture aligned to our ESG policy.
6. Regularly review ESG and associated policies considering new and emerging risks as well as stakeholder concerns.

4. ESG Principles

The Business Responsibility and Sustainability Reporting (BRSR) framework, aligned with Environmental, Social, and Governance (ESG) principles, is founded upon nine core principles, harmonizing with the 'National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business' (NVG) issued by the Ministry of Corporate Affairs (MCA). These guidelines underscore the imperative for companies not only to exhibit responsibility but to encompass social, economic, and environmental responsibility as integral facets of their operations. Through robust reporting mechanisms, these guidelines envisage that businesses will cultivate a deeper comprehension of the transformative processes essential for rendering their operations more responsible.

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The Company has made a deliberate choice to adopt these nine fundamental principles of BRSR in accordance with the regulations outlined by the Securities and Exchange Board of India (SEBI). While we ensure compliance with applicable local and national regulations, this ESG Policy and its principles are also aligned with various leading global ESG standards and frameworks, such as:

- IFC Performance Standards, 2012;
- IFC Corporate Governance Development Framework (CGDF), 2017;
- The ILO Fundamental Conventions;
- UN Sustainable Development Goals (SDGs);
- National Guidelines on Responsible Business Conduct (NGRBC)

Principle 1: Ethics, Transparency, and Accountability

4.1. Ethics as a Cornerstone

- 4.1.1 Upholding a commitment to value-based governance and practices, the Company places paramount importance on maintaining the highest ethical standards across all facets of its business endeavors. The Board of Directors and senior management bear the responsibility of setting an exemplary benchmark for ethical conduct, both within the organization's internal dynamics and in its external relationships. Management is dedicated to instilling this ethos of ethical behavior at every level within the organization, thereby making it an indispensable element of the organizational culture for all THDCIL employees. Every member of the THDCIL team is expected to conduct themselves and represent the company with unwavering professionalism, honesty, and integrity, adhering steadfastly to elevated moral and ethical standards.
- 4.1.2 The Company is unwavering in its commitment to ensuring that all business decisions and transactions adhere to the principles of fairness, transparency, and disclosure, remaining visible to pertinent stakeholders. Transparency, for THDCIL, signifies the comprehensive elucidation of the Company's policies and actions to those to whom it holds responsibilities. Consequently, the Company shall endeavor to provide the highest level of appropriate disclosures without compromising its strategic interests. Internally, transparency encompasses openness in the Company's interactions with its employees and the manner in which its business is conducted, ensuring scrutiny withstands the test of public evaluation. The Company firmly believes that transparency serves as a catalyst for accountability, demanding that all its actions endure public scrutiny.
- 4.1.3 Empowerment constitutes an indispensable component of the Company's governance philosophy, granting the management the autonomy necessary to propel the enterprise forward. Empowerment fosters creativity and innovation throughout the organization by vesting decision-making authority at the most fitting levels within the organizational hierarchy. The Board of Directors is answerable to stakeholders and the Government, while the management is accountable to the Board of Directors. Similarly, each executive and

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employee bears accountability for the functions and responsibilities entrusted to them. THDCIL views empowerment coupled with accountability as the driving force behind performance excellence and effective Corporate Governance.

- 4.1.4 The Company's unwavering commitment extends to supporting the constitution and governance systems of the nation. It refrains from endorsing any particular political party or candidate for political office. The Company's conduct is structured to preclude any actions that could be misconstrued as showing partiality to any political entity or individual. It refrains from providing Company funds or property as donations to any political party, candidate, or campaign.
- 4.1.5 THDCIL's employees, irrespective of their hierarchical position, are duty-bound to prioritize national interest, public interest, and the Company's interest over personal interests while fulfilling their duties and responsibilities. They are expected to steer clear of any situation that might pose an apparent conflict of interest. Such conflicts may arise when they hold personal interests that could potentially clash with the Company's interests. Illustrative examples of conflict of interest include:
- 4.1.5.1 **Related Party Transactions:** Engaging in any transactions or relationships with the Company or its subsidiaries in which they possess a financial or other personal interest, whether direct or indirect, such as through a family member, relation, or any other person or organization they are associated with.
 - 4.1.5.2 **Outside Directorship:** Accepting directorship on the board of any other company that competes with the Company's business.
 - 4.1.5.3 **Consultancy/Business/Employment:** Involvement in any activity, including providing consultancy services, conducting business, or accepting employment, which may interfere or conflict with their duties and responsibilities toward the Company. They should refrain from investing in or associating themselves in any manner with any supplier, service provider, or customer of the Company.
 - 4.1.5.4 **Use of Official Position for Personal Gain:** They are prohibited from utilizing their official positions for personal gains. Ethical conduct and unwavering commitment to integrity are foundational principles upheld by the Company to ensure the highest standards of ethics, transparency, and accountability in all its operations.

Principle 2: Safety and Sustainability of Goods & Services

4.2 Understanding the Impact and Commitment to Improvement

- 4.2.1 The Company's core operations revolve around power generation and related activities. In parallel, THDCIL has cultivated in-house research and development capabilities, with a primary focus on design and engineering activities. It is imperative that all employees entrusted with these operations possess a clear comprehension of the impact of these activities on the environment and society. The Company's unwavering commitment is to continually enhance the safety, sustainability, and quality of its goods and services, guided by the following principles:

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- **Sustainable Products and Services:** These are characterized by their ability to generate measurable social or environmental benefits.
- **Resource Preservation:** The Company's working as well as its goods and services are designed to optimize resource utilization conserve resources, thereby minimizing depletion.
- **Resource Efficiency:** The Company's offerings prioritize the responsible use of water and energy resources, coupled with a reduction in waste generation at various stages of handling.
- **Environmental and Safety Awareness:** The promotion of environmental and safety awareness is a cornerstone of the Company's approach, extending to all employees, vendors, and contractors.

Principle 3: Human Resources Development and Employee Well-being

4.3.1 Transformation of Human Resource Management

In the contemporary global business landscape, the role of Human Resource Management (HRM) has undergone a profound metamorphosis. It has transitioned from its conventional roles of control and direction to one characterized by consensus and commitment. This evolution mandates a fresh and dynamic agenda for the HRM function, with a focus on becoming a champion in the following areas:

- **Organizational Transformation:** Driving organizational evolution towards global performance standards.
- **Alignment with Business Strategy:** Ensuring that individuals are harmoniously aligned with the overarching business strategy.
- **Culture Cultivation:** Nurturing a culture of mentorship, values inculcation, and personality development to foster positive action, thereby contributing to the comprehensive growth of both employees and the organization.
- **World-Class HR Processes:** Implementing HR processes of the highest caliber, designed to cultivate leadership capabilities, enhance organizational performance, and foster strategic employee competencies.
- **Employee Well-being:** Ensuring the well-being of employees across all organizational levels.

THDCIL remains steadfast in its commitment to promote a secure and conducive work environment for its employees. The Company will continue to offer guidance on occupational health and safety, as well as provide appropriate healthcare benefits and medical coverage to all employees.

4.3.2 HR as a Strategic Partner

The cornerstone of effective Human Resource Management (HRM) is the process of aligning the HR function with the strategic objectives of the organization, ultimately aimed at enhancing performance. HR is tasked with the pivotal role of becoming a strategic business partner. This entails a profound consideration of the Company's Vision, Mission, strategic imperatives, stakeholder interests, business objectives, and the competitive landscape.

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In its capacity as a highly technology-driven entity, THDCIL formulates strategies through cross-functional teams representing Technical, Business development, commercial, and Research and development. HR plays an integral role in this collaborative process, offering invaluable multi-perspective insights.

4.3.3 Talent Attraction & Retention

Attracting and retaining talent encompasses a multifaceted approach, including competitive compensation packages, employee engagement initiatives, career development opportunities, and empowerment. The HR function is committed to fostering an environment conducive to self-learning and professional growth. THDCIL promotes both formal education, including classroom and e-learning modes, and practical courses for its employees in collaboration with renowned institutions.

The knowledge acquired through various educational avenues is designed to complement individual domain expertise and align with the Company's business objectives. Employee training and mentoring programs are instrumental in nurturing technical and managerial talent within THDCIL. These measures reinforce THDCIL's standing as a learning organization.

The Company-wide initiatives on Knowledge Management facilitate the development of domain expertise across the organization, transcending divisional boundaries. Competency Modeling has been undertaken, and the integration of HR systems with this model has proven effective in harnessing HR capabilities. Competency-based job rotations further enhance employee satisfaction and engagement.

4.3.4: Performance Management

4.3.4.1 Clarifying Roles and Aligning Activities

THDCIL's Performance Management System serves the vital purpose of clarifying individual roles, assigning responsibilities, and aligning individual activities with organizational objectives. While the THDCIL system inherently provides mechanisms for objectively assessing performance, it is HR's responsibility to fortify the process and ensure its faithful implementation. One constructive approach to enhance this alignment involves conducting goal-cascading workshops with the participation of senior management. Additionally, the Performance Management System will be complemented with developmental initiatives designed to facilitate career growth and development.

THDCIL is dedicated to the establishment of well-defined training and development programs for its employees.

4.3.4.2 Leadership Development and Change Management

The ultimate competitive advantage for an enterprise resides in its ability to cultivate leaders more effectively than its competitors. The pace of change in today's globalized landscape, driven by factors such as customer demands, technological innovation, and information accessibility, necessitates a holistic approach that transcends strategy, structure, and systems to encompass purpose, process, and people. HR will lead the change management initiatives within the Company, enabling the creation of a robust leadership pipeline and alignment with a global outlook.

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THDCIL has formally instituted the Succession Planning Process, incorporating Gap Analysis, identification of critical roles, and the assessment of key bench strength for each critical role position. The readiness index of successors is determined using the Performance Management System and other relevant criteria, as per the Company's succession planning policy. Input from Assessment Development Centers also plays a pivotal role in grooming successors. Vacancies in critical posts, as identified in the succession plan, are filled meticulously, with internal talent pool members given priority, and external candidates considered if internal options are unavailable.

4.3.4.3 Employee Relations and Welfare

THDCIL has transitioned from an era of industrial relations to a focus on employee relations, emphasizing employees' rights to freedom of association, participation, and collective bargaining. Employees at all levels have the freedom to associate and engage in collective bargaining through recognized unions/associations. Policies governing workers' participation in Management are well-defined. Committees such as Works Committees, Safety Committees, and Welfare Committees operate in accordance with these policies and statutory requirements or as agreed with recognized unions.

THDCIL is committed to maintaining adequate grievance redressal mechanisms, ensuring that all employees have access to these processes. Timely payment of salaries, wages, allowances, and other benefits is carried out in compliance with statutory provisions and agreements resulting from collective bargaining.

The Company is dedicated to providing a workplace environment that is safe, hygienic, humane, and comfortable, while upholding the dignity of its employees. Facilities for employee well-being, including those with special needs, are provided. THDCIL strictly adheres to all statutory provisions regarding health, safety, hygiene, comfort, and employee well-being. Specific provisions outlined in labor laws are rigorously followed.

The Company is steadfast in providing and maintaining equal opportunities during recruitment and throughout the course of employment, regardless of factors such as caste, creed, gender, race, religion, disability, or sexual orientation. THDCIL unequivocally rejects the use of child labor, forced labor, or any form of involuntary labor, whether paid or unpaid. The Company has established systems and practices to foster a workplace free from harassment, where employees feel secure in fulfilling their responsibilities. All statutory provisions pertaining to these aspects are diligently adhered to, including government guidelines on reservation for sections such as SC/ST, differently abled, etc.

4.3.4.4 Equal Opportunity Policy

THDCIL is fully committed to providing equal opportunities for differently abled employees, in compliance with the requirements of the Rights of Persons with Disabilities Act, 2016. All buildings and workplaces are equipped with ramps, railings and amenities to ensure accessibility for differently abled individuals.

Principle 4: Protection of Stakeholders' Interest

4.4.1 Value-Based Services

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THDCIL places significant importance on the support of its stakeholders and acknowledges their interests and concerns. The Company, along with its employees, is committed to providing services that are value-based, reinforcing its dedication to meeting stakeholders' needs.

4.4.2 Continuous Engagement

THDCIL actively engages with its diverse stakeholder groups on an ongoing basis to comprehend their concerns, assess their requirements, and respond effectively to their needs.

4.4.3 Health, Safety, and Welfare

THDCIL acknowledges the impact of its policies, decisions, products, services, and associated operations on stakeholders. As a responsible entity, the Company avoids actions that could adversely affect the health, safety, and welfare of its stakeholders.

4.4.4 Support for Disadvantaged and Underdeveloped Areas

THDCIL proactively engages with and responds to sections of society that may be disadvantaged, vulnerable, or marginalized. Special attention is given to stakeholders in underdeveloped areas to promote their well-being.

4.4.5 Equitable Conflict Resolution

THDCIL is committed to resolving differences with stakeholders in a just, fair, and equitable manner, emphasizing the importance of maintaining positive and constructive relationships.

Principle 5: Promoting Human Rights

4.5.1 Inherent Human Rights

THDCIL recognizes that human rights are inherent, universal, indivisible, and interdependent. The Company upholds the spirit of Fundamental Rights and Directive Principles of State Policy outlined in the Indian Constitution across its policies and systems.

4.5.2 Integration of Human Rights

THDCIL integrates respect for human rights into its management systems, ensuring that all individuals affected by its business have access to grievance redressal mechanisms.

4.5.3 Recognizing Stakeholder Rights

The Company respects and recognizes the human rights of all relevant stakeholders and groups, both within and beyond the workplace. This includes communities, consumers, and vulnerable and marginalized groups.

4.5.4 Promoting Awareness

Within its sphere of influence, THDCIL actively promotes awareness and realization of human rights throughout its value chain.

Principle 6: Protection of the Environment

4.6.1 Commitment to Sustainable Development

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THDCIL is unwavering in its commitment to achieving economic, ecological, and social responsibility objectives aligned with sustainable development. As an environmentally responsible Company, THDCIL is dedicated to producing power in an environmentally friendly manner. The Company's commitment includes environmental protection, pollution prevention, compliance with regulatory obligations, conservation of natural resources, and continual improvement to enhance environmental performance.

4.6.2 Resource Optimization

THDCIL is resolute in its commitment to taking necessary initiatives to optimize and continually reduce the utilization of natural resources. The Company is determined to adopt a "Reduce, Reuse, and Recycle" approach throughout its operations and processes to contribute to sustainable development. THDCIL also prioritizes renewable resources to mitigate depletion of natural resources.

4.6.3 Compliance and Risk Assessment

THDCIL diligently complies with all legal and regulatory requirements related to environmental protection, management, and sustainable development. The Company establishes regular monitoring programs to assess its environmental management performance, identifies hazardous processes, assesses risks, and implements appropriate control measures to minimize environmental impact.

4.6.4 Environmentally Friendly Practices

THDCIL prioritizes environmentally friendly processes and operations when selecting or introducing new processes, operations, products, or services. It places a strong emphasis on energy efficiency to reduce carbon emissions in its systems.

4.6.5 Environment Management Programs

The Company initiates environment management programs as an ongoing process to minimize its impact on the environment. These programs encompass the introduction of cleaner technologies, hazard elimination, compliance with legal requirements, and resource conservation. The goal is to continually improve environmental management practices.

4.6.6 Sustainability and Environmental Management

THDCIL is committed to continuously enhancing its sustainability and environmental management through specific processes, including minimizing resource consumption, promoting renewable and sustainable resources, complying with environmental regulations, preventing pollution, reducing waste generation, adopting environmentally friendly practices, and setting, maintaining, and monitoring environmental objectives and targets.

Principle 7: Public and Regulatory Policy

4.7.1 Compliance with Legal Framework

Recognizing its role as a Corporate Citizen, the Company acknowledges its responsibility to operate within the democratic structure and constitutional framework. THDCIL understands that businesses operate within the well-defined legislative and policy parameters established by the Government,

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which not only guide their growth but also set certain essential restrictions and boundaries. The Company and its employees commit to respecting the legal and regulatory framework, complying with all applicable provisions of local, state, national, and international laws, as well as adhering to the policies, procedures, rules, and regulations relevant to the Company's business operations.

4.7.2 Grievance Redressal and Policy Advocacy

In the event of any grievances arising from legislative or regulatory mandates, THDCIL will seek redressal through appropriate channels and engage in policy advocacy consistent with the principles and policies outlined in the Code. Whenever necessary and to the extent feasible, the Company will pursue policy changes either through the Administrative Ministry/department to which it reports or through collective platforms.

4.7.3 Preservation of Public Good

The Company firmly believes that policy advocacy should serve to preserve and expand the public good. Therefore, THDCIL commits never to advocate any policy change solely for its own benefit or for the benefit of a select few in a partisan manner.

Principle 8: Inclusive Growth and Equitable Development

4.8.1 Vendor Development

- a. Vendor Development: THDCIL will engage in vendor development initiatives where vendor capabilities align with the requirements THDCIL.
- b. Long-term Vendor Policy: The Company will establish a policy for long-term business relationships with vendors, taking into account the nature of the business, technology, and products.
- c. Local Employment in Eco-Sensitive Areas: In cases where THDCIL's Units are located in eco-sensitive areas, efforts will be made to ensure the employment of local skills with necessary training.
- d. Outsourcing in R&D Projects: Outsourcing work will be considered in R&D projects, provided it does not compromise or dilute the Company's Intellectual Property.

4.8.2 R&D Projects

Research & Development (R&D) is recognized as a potent instrument for national development. As the nation invests a significant portion of its GDP in R&D, THDCIL acknowledges the critical role of R&D in fostering economic growth, effective governance, and power security. Therefore, the Company commits to effectively channelling the precious resources allocated to R&D projects to meet their objectives.

- a. National Interest: R&D projects of national interest will be proactively initiated, recognizing the vital role they play in the development of the country.
- b. Collaboration with National R&D Labs: THDCIL will prioritize collaboration in projects involving various National R&D laboratories to ensure the indigenous development of projects of national importance, reducing dependence on foreign sources.

Societal Impact: While achieving the stated objectives of R&D projects, the Company will ensure that there are no negative societal impacts from hazardous material usage, and disposal.

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4.8.3 Procurement from MSEs

The Company will adhere to the Public Procurement Policy for Micro and Small Enterprises (MSEs) notified by the Government of India, Ministry of Micro, Small & Medium Enterprises. It will accord priority to procurement from MSEs in line with the policy's provisions, to the extent applicable to THDCIL as a Public sector Undertaking.

4.8.4 Code of Conduct for Vendors/Suppliers

THDCIL is committed to maintaining the highest ethical and transparent standards in all its business dealings. As a public sector unit, the Company is accountable to the public for its financial management and strives to conduct its business in a responsible manner. To uphold these principles, THDCIL expects all Vendors/Service Providers/Subcontractors/Contractors (referred to as "Suppliers") and their associates to adhere to a Code of Conduct, which includes the following:

4.8.4.1. Compliance and Controls:

- a) Suppliers must establish and maintain controls, tools, and processes to ensure compliance with applicable laws, regulations, and the requirements outlined in the Code of Conduct.
- b) Compliance with ISO 14001/AS 9100 requirements is expected.
- c) Suppliers should have mechanisms in place for detecting, investigating, disclosing (to THDCIL and other relevant parties), and rectifying any violations of laws, regulations, or the Code of Conduct.
- d) Training programs should be provided to ensure that Suppliers' directors, officers, employees, agents, representatives, and affiliates are well-informed about applicable laws, regulations, and the expectations outlined in the Code. If a contract requirement is stricter than the Code, Suppliers must comply with the stricter contract requirement.

4.8.4.2. Labor Standards:

- a) Suppliers must comply with all labor-related laws and regulations, including those governing maximum work hours, compensation, collective bargaining, and minimum wage.
- b) Child labor, forced labor, and human trafficking practices are strictly prohibited.
- c) A harassment-free work environment, free from physical, psychological, and verbal harassment or other abusive conduct, must be provided to employees.
- d) Equal employment opportunities must be offered to all employees and applicants, regardless of race, religion or belief, color, gender identity, marital or civil partnership status, pregnancy, genetic information, disability, or any other characteristic protected by applicable law(s)

4.8.4.3. Anti-Corruption and Competition:

- a) Suppliers must comply with anti-corruption laws, directives, and regulations in the countries where they conduct business.
- b) Bribes, kickbacks, or similar payments to any individual, organization, or government official to gain improper advantages are strictly prohibited.

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- c) Unlawful competition practices, such as price-fixing, bid rigging, market allocation, predatory pricing, and other illegal practices, are not allowed.
- d) Pricing information must not be exchanged with competitors in violation of antitrust or competition laws.
- e) Competitive practices must be based on the merits of products and services, and the exchange of business courtesies must be in accordance with the law and reasonable marketplace customs.

4.8.4.4. Securities Trading:

- a) Suppliers are prohibited from trading in the securities of any company while in possession of material, non-public information obtained during their business relationship with THDCIL.

4.8.4.5. Conflict of Interest:

- a) Suppliers should avoid all conflicts of interest and situations that may appear as potential conflicts of interest in their dealings with THDCIL.
- b) Notification to all affected parties is expected if an actual or potential conflict of interest arises.

THDCIL places a strong emphasis on ethical conduct and expects its Suppliers to uphold these standards.

Principle 9: Value to Customers and Consumers

4.9.1 Value for Money:

We are committed to ensuring that our customers receive the best value for their money. To achieve this, we will: a) Provide top-quality products and services to our customers. b) Ensure that our products are best in class. c) Design our products in compliance with National and/or international standards.

4.9.2 Customer Relations Management:

We are dedicated to maintaining strong customer relationships. To achieve this, we will: a) Establish effective systems for: i. Registering customer complaints. ii. Timely resolving customer complaints. iii. Providing status updates on customer issues. iv. Periodically reporting to top management and relevant authorities on the status of all customer complaints, including detailed analyses. v. Gathering customer feedback on resolved complaints. b) Conduct periodic customer satisfaction surveys to assess and enhance customer satisfaction

5. Policy applicability, communication and Implementation:

This policy applies to all business units of THDC including subsidiaries, associate companies and joint ventures that are under its control.

This policy applies to and shall be communicated to all staff (permanent, fixed term basis (FTB) and third-party) at all levels and all functions of the organization. THDC shall allocate appropriate resources and conduct in-house trainings in order to ensure the effective implementation of the ESG policy.

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The policy shall be communicated to vendors and customers of the company. Disclosure of this policy shall be maintained on THDC's website for general viewing.

To effectively implement and monitor the activities and provisions outlined in this policy, a separate below board level ESG Committee will be formed. This committee will be responsible for the following:

1. Submitting quarterly reports to the Board detailing the implementation progress, ESG (Environmental, Social, and Governance) scores, and any improvements made to the policy.
2. Developing methodologies, conducting materiality assessments, and proposing modifications and amendments as needed.
3. Issuing directions to relevant departments for policy enforcement.
4. Preparing and disseminating Standard Operating Procedures.

The Head of Corporate S&E shall be the designated Nodal Officer, who shall be the head of Below Board Level Committee (BBLC) ESG Committee.

The Nodal Officer shall be permanent Special Invitee to the Board Level ESG Committee.

The Nodal Officer shall have a team of officials to assist him / her in coordination work. The composition of the team to assist the nodal officer, may include members from various departments such as Environment, HR Policy, C&MM (Corporate & Materials Management), Safety, Executive and Supervisor Union, services department CSR, representative of projects/units and others as per requirement, shall be decided by the Director in charge of ESG in consultation with CMD.

6. Policy Review and approval:

This policy will undergo periodic review and potential revisions by the Board as necessary. ESG committee shall be responsible for continual reviewing and updating after approval of CMD.

Environmental, Social and Governance Management System Framework (ESG-MS)

1. Purpose of this ESG-MS Document

1.0 This document is the ESG manual for THDCIL. It comprises of an ESG MS framework for the Company. It establishes the system requirements and tools required for the management of environmental, health and safety, corporate social responsibility, corporate governance, sustainability risks and opportunities throughout the Company's operations.

2.0 The purpose of the manual is to assist the senior management of the Company in:

2.1 Setting the Company's general strategy relating to ESG Matters

2.2 Developing, implementing and monitoring ESG initiatives and policies at the Company

2.3 Oversee communications with employees, investors and other stakeholders of the Company with respect to ESG Matters

3.0 This document along with the ESG policy may be referred for implementation of ESG in company.

2. Materiality Analysis at THDCIL

Materiality represents the fundamental principle of identifying the most critical ESG (Environmental, Social, and Governance) issues that hold significance for a business and its stakeholders. It serves as a cornerstone within Sustainability Disclosures and Strategy Formulation.

THDCIL recognises the potential internal and external risks that can profoundly affect our ability to create sustainable value over the short, medium, and long term. To address this, THDCIL's Risk Management Policy (RMP) has been established to ensure sustained business growth with stability. It fosters a proactive approach to reporting, evaluating, and resolving enterprise risks.

Our commitment is to generate exceptional value for stakeholders in the long run. To achieve this, we emphasize the identification and assessment of stakeholder expectations and prioritize material topics. This enables us to gain insights into the relative importance of specific Environmental, Social, Governance, and Economic issues and their influence on our business. This, in turn, empowers the Company to create a systematic roadmap for sustainable value generation, built on open and transparent interactions with stakeholders, and enables strategic risk management and opportunity harnessing, ultimately leading to overall growth.

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2.1 The Methodology

Our rigorous and formal Materiality Assessment process encompasses dialogues with both internal and external stakeholders. THDC will further integrate double materiality principles, evaluating both the financial impact of ESG issues on the company and the company's impact on society and the environment. This approach ensures a holistic assessment aligned with EU CSRD and global best practices. The typical four-step process for Materiality Assessment is as follows:

2.2 Identification of Material Topics

2.2.1 THDCIL Risk Management Policy (RMP): Significant topics have been derived from THDCIL's Risk Management Policy (RMP), the broad policy framework of which is as follows:

- THDCIL's existing Risk Management Policy (RMP) ensures sustainable business growth with stability and promotes a proactive approach in reporting, evaluating, and resolving enterprise risks by establishing a structured and disciplined risk management approach.
- The RMP framework aids in identifying strategic, financial, operational, and compliance risks, which play a pivotal role in our assessment due to their substantial impact on our business model, revenue growth, margins, and capital requirements.
- The RMP framework also covers every function of the organisation alongside its impact on stakeholders, environment and resources. It also covers identification of natural calamities or black swan events.
- A well-defined risk governance mechanism comprising the Risk Management Committee, Risk Assessment Committee, and a Risk Cell, along with Risk Coordinators, serves to communicate the risk management approach throughout the organisation.
- The RMP framework undergoes regular reviews in line with the evolving risk landscape relevant to our business. Data on risk management is submitted by respective risk owners through an internally designed RMP portal, enabling real-time data access for all users.

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- RMP framework also designs evaluating inherent risk values and mitigated risk values.

2.2.2 Additionally, broad topics relevant to ESG such as THDCIL's stakeholders, peer benchmarking, sectoral mega trends, risk perspectives, and relevant mitigation strategies etc. have been considered in the assessment.

2.3 Prioritization, Review, and Categorization of Material Topics:

The identified key material topics within the ESG sphere have been prioritized to establish business strategies for improved management and execution of business objectives. Furthermore, relevant material topics were reviewed in consultation with concerned divisions, regional offices, power stations, projects, and the consultant engaged for the formulation and related work of THDCIL's Business Responsibility and Sustainability Report (BRSR). A heatmap of material topics will be developed, ranking issues based on their importance to stakeholders and their influence on THDC's long-term value creation. This visual representation will be included in future ESG reports. This comprehensive exercise resulted in the categorisation of key material topics of high significance across THDCIL locations, as detailed in the Annexure.

Materiality Assessment is an ongoing process requiring regular review and assessment, aligned with the evolving risk landscape pertinent to our business portfolio. Accordingly, THDCIL will undertake a formal Materiality assessment in accordance with established Standards and Guidelines, utilizing the services of external consultants and specialised agencies.

The materiality assessment aligns with global reporting standards, including GRI, SASB, and TCFD frameworks. A materiality matrix mapping stakeholder concerns against business impacts will be developed and integrated into future ESG disclosures to enhance transparency and strategic focus.

To ensure a dynamic and future-ready ESG approach, THDC will adopt a bi-annual materiality reassessment process, incorporating emerging ESG risks such as climate adaptation, biodiversity loss, and evolving stakeholder expectations. Stakeholder surveys, peer benchmarking, and industry trend analysis will inform the reassessment.

Measuring the impacts of the ESG metrics involves collecting and analysing relevant data to assess the company's performance in environmental, social, and governance areas.

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Here's a general guide on how to measure the impacts of these metrics:

1. Data Collection:

- Collect data for each of the ESG metrics. This may involve using internal records, third-party reports, surveys, and other sources.
- Ensure the data is accurate, reliable, and covers the specified reporting period.
- Data Collection could be digitalised as far as possible to ensure consistency and integration across functions. Suitable ERP package will be considered.

2. Normalization and Conversion:

- Normalize the data to a common unit of measurement. For example, convert all emissions data to metric tons of CO2 equivalent.
- Convert percentages to absolute values if necessary (e.g., convert a percentage of renewable energy usage to MWh).

3. Calculation and Aggregation:

- Calculate the relevant values for each metric based on the collected data.
- Aggregate data, when necessary, especially for broader ESG categories or indices.

4. Benchmarking:

- Compare the company's data against industry benchmarks or peers to gain context and assess relative performance.

5. Trend Analysis:

- Analyse the data over multiple reporting periods to identify trends and changes in performance.
- Assess whether the company is improving or declining in each metric.

6. Setting Goals and Targets:

- Establish specific goals and targets for improvement in areas where performance is lacking.
- Ensure these goals align with sustainability and ESG objectives.

7. Reporting and Disclosure:

- Compile the measured data into comprehensive ESG reports that adhere to relevant reporting frameworks (e.g., GRI, SASB, TCFD).
- Disclose the company's ESG performance to stakeholders, including investors, customers, employees, and the public.

8. Materiality Assessment:

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- Prioritize ESG metrics based on their materiality to the company and its stakeholders.
- Focus measurement efforts on the most significant impacts.

9. Stakeholder Engagement:

- Engage with stakeholders to gather their perspectives on the company's ESG performance and to identify areas for improvement.

10. Continuous Improvement:

- Use the measured data to inform decision-making and guide strategies for improving ESG performance.
- Continuously monitor and update ESG initiatives based on measurement outcomes.

11. Verification and Assurance:

- Consider third-party verification or assurance of ESG data to enhance credibility and transparency.

12. Feedback Loop:

- Create a feedback loop within the organisation to ensure that ESG metrics and impacts are regularly reviewed and integrated into business operations.

Measuring ESG impacts is an ongoing process that involves not only collecting data but also using it to drive positive changes within the company. It's important to align ESG measurement efforts with the company's overall sustainability goals and commitment to responsible business practices. Additionally, complying with recognized reporting standards can enhance the credibility of the measured data and demonstrate transparency to stakeholders.

3. MATERIALITY ASSESSMENT- ESG RISK, IMPACT AND OPPORTUNITY IDENTIFICATION

THDC has implemented a companywide elaborate Risk Management (RM) Plan. This framework has identified several risks for the company. This Chapter describes the key components of the ESG risks, their impacts and opportunities of THDC's operations. The key objectives of this section are:

- To identify and assess the potential ESG risk associated with existing business operations/activities of THDC.
- To help establish a step-by-step guidance to mitigate the identified risks and impacts.

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3.1. Environmental and Social Risks and Impacts due to own operations.

Understanding the nature of operations for THDC is essential to identify potential risks and impacts and propose adequate mitigation measures. THDC considers identification and management of ESG risk and opportunities as an ongoing criterion. The ESG impact of THDC's own operations is determined based on the Company's plant operations and management activities, office-based business operations (both at corporate headquarters, regional locations and other locations), as well as procurement of equipment and services.

The process flow for ESG risk and opportunities assessment is described in Figure 2 below:

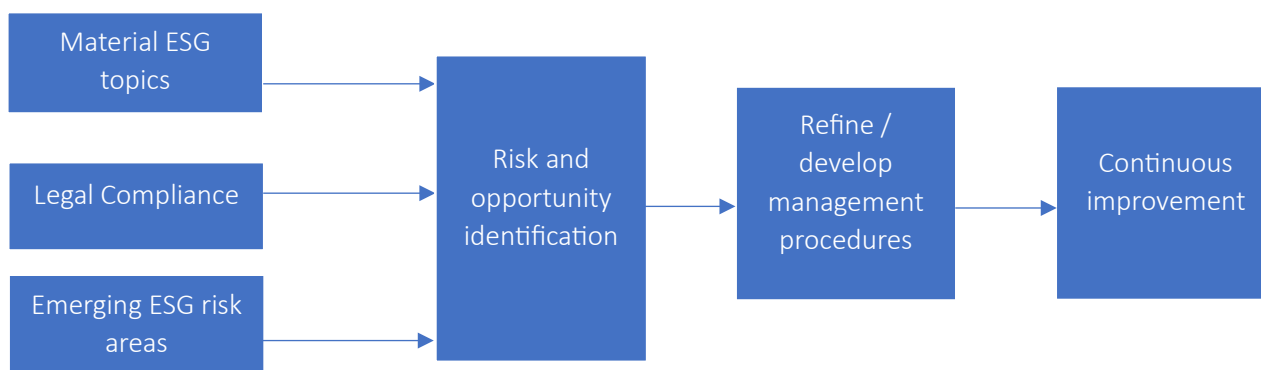


Figure: Process flow for ESG risk and opportunities assessment

3.2. Identification of risks and opportunities

The following actions are undertaken for the identification of ESG risks and opportunities:

1. The Head (Sustainability)/Chief Sustainability Officer (CSO) shall designate cross functions sub-committee members and leaders of various departments to assist in undertaking annual ESG risk assessment.
2. The risk assessment will be based on the following risks areas:
 - Environmental risk
 - Labour and working conditions and human rights risk
 - Community Health and Safety and Security risks
 - Business integrity and corporate governance related risk

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- Employee engagement, wellbeing, safety and health
 - Resource management risks
 - Calamity risks
 - Company growth risks
 - Cybersecurity and Data Privacy Risks
 - Climate Change Adaptation and Resilience Risks
 - Supply Chain ESG Risks and Supply Chain Disruptions due to ESG Non-Compliance
 - Energy Transition Risks (e.g., regulatory shifts towards renewable energy)
3. Each department will monitor the results and report back to the CSO within a designated time period.
 4. The CSO is responsible for consolidating the risks in a central 'Risk Assessment Form' from each department to develop the ESG risk register for THDC (Annexure 2).

3.3. Key material topics

THDC regularly conducts materiality surveys by involving internal and external stakeholders to identify key risks and their impacts, which in turn helps THDC to establish mitigation measures. A broad list of ESG risks and impacts (or material topics) identified is tabulated at **Annexure -A**. THDC will include cross-cutting ESG risks such as water security, biodiversity impacts, climate-induced natural disasters, and responsible supply chain management in its core materiality assessment.

4. ESG RISK & IMPACT MANAGEMENT PROCEDURES

This Chapter describes in detail THDC's approach to mitigate the key risks and impacts of their operations. The purpose of establishing detailed ESG risk management procedures is to create a framework for THDC and to integrate ESG risk management principles as part of its core business operations. These procedures are aimed at providing guidance to conduct day-to-day operations and business transactions in a responsible manner.

The outcome of this exercise is further fed to the ERM framework for prioritization of risk and action plan formulation.

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4.1. ESG Risk and Impact Management

THDC aims to balance its business and ESG sustainability performance through interventions and following core environmental, social and governance risk areas. The list of risks are attached in Annexure- A of this document for reference.

Key Performance Indicators (KPIs) have been(or will be) defined for each material ESG topic, with baseline data and short, medium, and long-term targets established. These KPIs are detailed in Annexure A for periodic monitoring and reporting.

ESG risk assessment will also incorporate scenario analysis, particularly for climate-related risks, in line with TCFD guidelines. The analysis will explore short, medium, and long-term climate impacts on THDC's operations. The ESG risk framework will integrate a triple-bottom-line approach, assessing economic, environmental, and social impacts. A formal ESG risk heatmap will be developed, categorizing risks based on likelihood and potential impact, to prioritize risk mitigation strategies.

The detailed guidance on each of the key Environmental, Social and Governance aspects is covered below:

4.1.1. ENVIRONMENTAL ASPECTS

1. Waste Management

THDC will apply the universal principles of waste management to ensure that waste is dealt with in a way that impacts the least.

- **Principle 1: Reduction**

Since all waste disposal options have an impact on the environment, the only way to avoid impact is not to produce or reduce waste is the first choice. THDC will, therefore, endeavour to reduce waste by judicious purchasing.

- **Principle 2: Reuse**

Before discarding any item, we will ensure that adequate checks are in place for its reuse. Examples include furniture, computers, and peripherals.

- **Principle 3: Recovery**

Wherever possible, THDC will recycle. We shall implement steps to fully engage our employees and visitors in this process to ensure that the recycling units are used and that only waste that cannot be recycled goes into the bins - and therefore to landfill.

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- **Principle 4: Disposal**

Waste sent to landfill is the worst option in environmental terms, and THDC will strive to keep this to a minimum.

The waste management practices at the Company are detailed in the following policies:

- Environment Policy, 2023

The responsible department for ensuring responsible treatment and compliance with waste management regulations is the concerned Dept. at THDC

2. Ash collection and disposal

THDC's Ash Management Department at its Thermal Power Projects, strives to derive the maximum usage of the vast quantities of ash produced from the Company's power stations. Coal ash contains contaminants like mercury, cadmium and arsenic which, without proper management, can pollute waterways, ground water, drinking water and the air. At THDC, the ash generated is utilised for manufacturing cement, concrete, concrete products, cellular concrete products, bricks/blocks/tiles, etc.

The responsible department for ensuring responsible treatment and compliance with ash management regulations is the Ash Management at THDC

3. Conservation of natural resources (energy, fuel, water and Biodiversity)

THDC aims to avoid or minimize adverse impacts on the natural environment by promoting sustainable use of resources such as energy and water. To minimize the impacts generated from the operations, the following measures will be implemented by the organization:

- Recording and monitoring of the resource material consumption on a monthly basis
- THDC will explore opportunities for circular economy practices, such as water recycling, waste-to-energy conversion, and reusing industrial by-products. Circular economy KPIs will be tracked and disclosed annually.
- Annual review of these records to analyse year on year consumption and utilization.
- Establishing process to define reduction targets related to natural resources conservation.
- Raising awareness about the environmental responsibilities among the employee and contractors on the below-mentioned guidelines

The Company's initiatives to conserve resources are highlighted in the following policies:

- Environment Policy, 2023

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The responsible department for ensuring responsible usage of natural resources is the Execution Department, Environment Engg., Dam management team and Environment Management Team at THDC

4. Climate change mitigation

There is an increasing requirement for THDC to measure, monitor and reduce its Greenhouse Gas emissions (GHGs). THDC has adopted several state-of-the-art technologies and practices to improve the efficiency of its operations and achieve synergy between environmental concerns and its needs. THDC will explore a decarbonization roadmap aligned with India's Nationally Determined Contributions (NDCs). This will include investments in renewable energy projects and carbon capture technologies. THDC will also develop a Climate Resilience Strategy, incorporating scenario planning for extreme weather events, water scarcity, and climate-induced disasters. This strategy will align with the TCFD framework and include long-term adaptation plans. The Company has initiated the 'Comprehensive Performance Optimization Programme' to achieve the dual objectives of reducing GHG emissions while facilitating higher efficiency power generation.

The Company's initiatives to monitor and manage its GHG emissions are highlighted in the following policies:

- Environmental Policy, 2023

The responsible department for GHG emission control and compliance with relevant regulations is the Sustainability Team at THDC

5. Air emissions control

THDC has incorporated pollution control measures into the blueprints and development of all its plants. State-of-the-art pollution control systems/devices have been installed at its plants to control air pollution. The Company's initiatives to curb air emissions from its operations are highlighted in the following policies:

- Environment Policy, 2023

The responsible department for managing air emissions control and compliance with air emission standards is the Environment Management Team at THDC

6. Effluent management

THDC has adopted the 'Zero Liquid Discharge' concept at its plants, wherein the excess domestic/industrial wastewater, after treatment in the Sewage Treatment Plant' and the Effluent Treatment Plants' can be reused without discharging a drop of water outside the

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plant/office/residential complexes boundary. Several modifications have been undertaken in existing practices for effluent disposal to achieve this goal and to comply with the relevant water use regulations applicable to the Company. The following policy describes the initiatives undertaken by the Company to reduce and reuse the effluent generated:

- Environment Policy, 2023

The responsible department for managing wastewater and compliance with applicable regulations is the Environment Team at THDC

4.1.2. SOCIAL ASPECTS

1. Fair treatment, non-discrimination and equal opportunity across the organization

THDC recognizes that its employees are the key driving force for growth and success. The company's Human Resources (HR) policies are developed on principles of equal opportunity, fairness, and ethics. The HR department is overall responsible for communication, training, overall implementation, and ensuring legal compliance and other necessary policies through various HR policies. These are described below:

- CDA Rules
- Service Rules
- Recruitment Policy
- Transfer Policy
- Promotion Policy

The HR departments are responsible for communication of these individual policies to the employees, and employees have access to these policies on the internal portal. These policies are in line with the applicable national regulatory requirements as well as best international practices. These cover aspects such as:

1.1. Non-discrimination and equal opportunity

The above-mentioned policies of THDC ensure that a fair and positive workplace environment and culture exists for all employees. The essence of this commitment is captured in the Code of Conduct.

1.2. Grievance mechanisms for employees

The policies also defined a Grievance procedure for employees and other key stakeholders.

1.3. HR policies for third-party/contract workers

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THDC third party employees for various functions, on which the company can influence limited legal responsibilities. However, the Company believes that these employees should also be treated equally and with respect, as their own employees.

Responsible department for managing social aspects with applicable regulations is the HR team at THDC.

2. Community Relations

The underlying principle of community relations is that when a company accepts its civic responsibility and takes an active interest in the well-being of its community, it gains a number of long-term benefits in terms of community support, loyalty and the fostering of goodwill. Building and maintaining strong community relations is also important to THDC to ensure employee loyalty as well as attract and retain its top employees. The following policies outline the practices followed by the Company to build and maintain its community relations:

- CSR Communication Strategy of THDCIL -2013
- Corporate Social Responsibility (CSR) Policy, 2019

Responsible department for building & maintaining relations with local communities is the Social, CSR, R&R department at THDC. THDC will adopt a 'Shared Value' approach in community engagement, focusing on co-creating long-term economic opportunities for local communities. Priority will be given to skill development, renewable energy integration, and community-led water conservation projects. THDC will also adopt a 'Community Benefit Sharing' model for major projects, ensuring local communities gain economic benefits through employment, skill development, and infrastructure investments.

4.1.3. CORPORATE GOVERNANCE ASPECTS

1. Effective governance structure

Good corporate governance contributes to sustainable economic development by enhancing the performance of companies and increasing their access to outside capital. Well defined governance structure helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The company makes the following disclosures publicly to show its commitment to comply with the corporate governance policies and procedures:

- Training Policy for Directors of THDC

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- Quarterly Report on compliance with Corporate Governance
- Fraud Prevention Policy
- Code of Conduct for BoD
- Related Party Transaction Policy
- Policy on maintenance & preservation of documents
- POSH
- Whistle Blower policy
- Anti-Bribery and Corruption (ABC) Policy

Procedures for internal ESG Governance of the Company include:

- ESG Governance Structure
- ESG Committee Charter

Responsible department for managing Corporate Governance aspects is the Company Secretary team at THDC.

2. Adequate and effective Grievance Mechanism

The objective of implementing a sound grievance mechanism for addressing environment and social concerns, including building accountability and trust amongst the Company's stakeholders, promote early detection of risks through complaints received which can assist dispute resolution and provide a platform for continuous learning and improvement of the Company's ESG practices. The Company's grievance redressal mechanism includes the following initiatives:

- Grievance mechanism at all plants
- Grievance lodging portal on the THDC website
-

Responsible department for managing Grievance Mechanism is the corresponding plant or office or corporate function at THDC.

3. Adherence to regulatory compliance conditions

The Company is responsible for maintaining regulatory compliance with the National and State level regulations for Environment and Health & Safety aspects. Based on the nature of operations of THDC, the following regulatory compliance requirements are applicable to THDC:

- Obtaining Environmental Clearances prior to commencing projects
- Obtaining applicable consents prior to commencing operations

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- Adhering to emissions standards for coal-fired power plants.
- Management and disposal of E-waste
- Management and disposal of Solid waste
- Management and disposal of Hazardous waste
- Management and disposal of Used Batteries
- Management and disposal of Plastic waste
- Management and disposal of Biomedical waste
- Management and disposal of Construction and Demolition waste
- Regulations relating to various aspects of HR (such as Terms of employment and termination, Employee representation and industrial relation, Discrimination, anti-harassment, leaves, compensation against injury at workplace, PF, Gratuity, ESI, etc.)
- Factory Act
- Project Construction Activity Related Acts

Responsible department for managing regulatory compliance is corresponding plant or corporate function or office at THDC.

3. Transparency & Disclosure

Management of the company has a responsibility to communicate with stakeholders in a clear and straight forward manner. These non-financial disclosures should satisfy the objectives of providing explanations of the company's financial statements that enables investors to see the companies through the eyes of the management; providing a context within which financial statements can be analysed; and providing information about the quality, and the potential variability, of a company's earnings and cash position so investors can judge if past performance is indicative of the future performance.

The company makes the following disclosures publicly to show its commitment to transparency & disclosures:

- Policy for determination of Materiality of events or Information for Disclosure
- Annual Financial Reports
- Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions
- Integrated Annual Reports

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Responsible department for managing Transparency & Disclosure is the Sustainability, Company Secretary and Finance team at THDC. THDC will be publishing an annual Sustainability Report aligned with GRI Standards and Integrated Reporting frameworks, ensuring comprehensive disclosure of ESG data, goals, and performance for stakeholders. THDC will publish a dedicated 'ESG Performance Dashboard' on its website, providing real-time updates on key sustainability metrics, including energy efficiency, water usage, GHG emissions, community investments, and workplace diversity.

THDC will conduct an annual ESG Workshop to strengthen ESG oversight, focusing on emerging ESG risks, regulatory changes, and stakeholder expectations. This will ensure that the ESG Team remains updated and actively engaged in ESG strategy development.

The Key Performance Indicators (KPIs) against all the above-mentioned initiatives at the Company are measured monthly using the '**ESG Data Template (Annexure-A)**'.

5. ESG Governance structure, roles, and responsibilities

5.1. ESG Governance structure

At THDC, we believe strong governance is the foundation for delivering on our ESG agenda. In order to effectively integrate ESG aspects across our operations and to continuously improve our ESG performance, THDC has developed a holistic governance structure that operates across the organization, and which also has board oversight. The ESG governance structure for THDC is tabulated below:

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Table: ESG governance structure

Sr. No.	Organization Structure and Roles	Key Responsibility and Monitoring Frequency
1.	Board of Directors	<ul style="list-style-type: none"> • The Board of Directors (Board) ensures that ESG risks and opportunities are considered in the organization’s vision and strategy. • The Board is responsible for approving the ESG goals and corporate position or mission statements on the same. • The Board also approves the ESG strategy and policies that operationalize the same. <hr/> <p><i>Frequency of monitoring and review</i></p> <ul style="list-style-type: none"> • The Board reviews organization performance on ESG on an annual basis. • The Board ensures that the Annual Report and other relevant reports provide a high-level summary of the nature of discussions on ESG risks and opportunities.
2.	ESG Committee (Board Level)	<p>The committee’s objective is to set an overall ESG strategy and advise the Board of Directors in:</p> <ul style="list-style-type: none"> • Setting the THDC’s general strategy relating to ESG Matters, as well as guides the initiatives related to sustainability / ESG and Climate Change at the company; • Overseeing communications with employees, investors, and other stakeholders of the company with respect to ESG Matters; and • Monitor the ESG activities of the company as per the approved budget and suggest measures for improvement in implementation. • Anticipating developments relating to and improving the company’s understanding of ESG and CC Matters. • The ESG Committee will oversee the integration of ESG risks into the Enterprise Risk Management (ERM)

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		<p>framework, ensuring that material ESG issues influence strategic decision-making at the highest level.</p>
		<p><i>Frequency of monitoring and review</i> The ESG Committee meets annually to set a strategy, review the progress and ensure integration of sustainability within operations.</p>
<p>3.</p>	<p>BBLC for ESG (Below Board level committee or ESG-BBLC)</p>	<p>Below the ESG Committee, there would be a BBLC for ESG that engages the leadership across business units, regions, and functions provide further oversight and strategic guidance. The objective of ESG-BBLC is to monitor / oversee implementation of ESG initiatives as set by the ESG committee. The committee will:</p> <ul style="list-style-type: none"> • Design implementation approach and set monitoring mechanisms. • Periodically review implementation of ESG initiatives and discuss and resolve any concerns / bottlenecks. • Promote integration of ESG management into the Company’s processes and goals. • Develop a culture within the company regarding sustainability • Mobilize employees to implement strategies. • The functions involved in the formation of this committee can vary, but may include - risk identification, management, supply chain, operations and facilities, R&D, public affairs and communications, human resources, environmental health and safety, and investor relations. • The ESG-BBLC may consist of members from the following domain: <ul style="list-style-type: none"> ○ Environmental Sustainability- <i>Including Projects, Env. Management, R&D, Ash Management, Env. Engg. and Water etc.)</i> ○ Social and Employee Relations- <i>Including HR, CSR/R&R, Law, C&M, and Safety etc.</i>

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		<ul style="list-style-type: none"> ○ Corporate Governance and Risk Management – <i>Including Finance, CS, Audit, Vigilance, CP and MPS</i> ● The Head of Corporate S&E shall be the designated Nodal Officer, who shall be the head of ESG-BBLC may call upon separate meetings on the above domains as and when required. ● ESG-BBLC will appoint ESG Coordinators for their function for implementation of ESG action plans and other relevant tasks. ● The ESG-BBLC committee is responsible for ensuring that ESG action plans, data recording and reporting is implemented across the organization. ● ESG-BBLC is also responsible for identifying the training needs of their ESG Coordinators and organizing these training courses. ● The ESG-BBLC shall liaise with the legal department to ensure legal compliance of all required ESG regulations are adhered to.
		<p><i>Frequency of monitoring and review</i></p> <ul style="list-style-type: none"> ● The ESG BBLC will conduct ESG progress review meeting quarterly before the ESG committee meetings to review ESG implementation progress. ● The Head (S&E) will review the quarterly reports submitted by the ESG BBLC.
<p>4.</p>	<p>ESG Coordinators <i>(The ESG Coordinators can comprise of sr. managers, and managers at corporate office and site that can coordinate</i></p>	<ul style="list-style-type: none"> ● The ESG Coordinator is a member of the ESG-BBLC from different sites/departments to proactively manage or coordinate the ESG initiatives ● The ESG Coordinator will be responsible for communicating new initiatives and strategies formed in the organization to different departments/locations.

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<i>with relevant departments and plants)</i>	<ul style="list-style-type: none"> • The ESG Coordinator is responsible for driving and monitoring various initiatives and its implementation in different departments/ locations. • The ESG Coordinator is responsible for data collection for reporting and maintaining a record of progress in initiatives. • The ESG Coordinator will be responsible for preparing the minutes of every meeting conducted in the BBLC. • The ESG Coordinator will be responsible to take feedback from different departments on the key issues in the organization and provide the same to BBLC.
	<p><i>Frequency of monitoring and review</i></p> <ul style="list-style-type: none"> • The ESG Coordinator will submit a monthly status update report to the relevant members of the sub-committee. • They can also raise their concerns, request for resources or training, to the BBLC on a monthly basis.

6. Environmental, Social, and Governance Committee (Board level)

THDC will form an Environmental, Social and Governance Committee (“ESG Committee”) to support the Company’s on-going commitments to environmental, health, and safety, corporate social responsibility, corporate governance, sustainability, and other relevant matters (collectively known as, “ESG Matters”).

The committee’s objective is to oversee ESG management and advise the Board of Directors in:

- Setting THDC’s general strategy relating to ESG Matters, as well as developing, implementing, and monitoring initiatives and policies at the Company based on that strategy;
- Overseeing communications with employees, investors, and other stakeholders of the Company with respect to ESG Matters; and
- Monitoring and anticipating developments relating to, and improving the Company’s understanding of, ESG Matters.

The members of the ESG Committee may also include such officers and employees of the Company as the Chairman & Managing Director deems appropriate, taking into account, among

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other things, such person's expertise in relevant disciplines, including environmental, health, and safety, operations, legal, investor relations, government affairs, corporate governance, finance, human resources, and communications.

6.1. Meetings, Procedures and Authority

The ESG committee may establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's Memorandum and Articles of Association (as may be amended and/or restated from time to time, the "Memorandum and Articles of Association") that are applicable to the Committee.

The Committee will meet as frequently as it deems necessary and advisable to carry out its duties, at least twice in a financial year. The Chairperson of the ESG, his or her designee, is responsible for scheduling and setting the agenda for the meetings.

In addition to the duties and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities consistent with - this Charter, the purposes and objectives of the Committee, and the Company's Memorandum and Articles of Association.

6.2. Responsibilities

ESG committee will have, without limitation, the following responsibilities:

- To assist the management of the Company and Board in setting the Company's general strategy with respect to ESG Matters, and to consider and recommend policies, practices, and disclosures that conform with the strategy;
- To assist the management of the Company in overseeing internal and external communications with employees, investors, and other stakeholders regarding the Company's position on or approach to ESG Matters, including by coordinating and reviewing, as appropriate, draft responses, reports, or other disclosures to stakeholders;
- To consider, and bring to the attention of the management of the Company, as appropriate, current and emerging ESG Matters that may affect the business, operations, performance, or public image of the Company or are otherwise pertinent to the Company and its stakeholders, and to make recommendations to the management of the Company, as appropriate, regarding how the Company's policies, practices, and disclosures can adjust to or address such trends and issues;

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- To advise the management of the Company on shareholder proposals and other significant shareholder concerns relating to ESG Matters;
- To review the Company’s strategy, policies, practices, and disclosures for consistency with respect to ESG Matters, and to make such recommendations to management with respect thereto as it may deem advisable;
- To maintain minutes and record of actions taken by the Committee;
- To review and assess this Charter annually and recommend any proposed changes for approval of the Board; and
- To perform such as may from time to time be requested by the Board.

6.3. Reporting and Delegation

The ESG committee will report to the Board of Directors. The ESG committee may, in its discretion, establish a steering committee and or sub-committees to delegate all or a portion of its duties and responsibilities.

7. PERIODIC MONITORING AND REPORTING OF ESG PERFORMANCE

7.1. Periodic monitoring and reporting of ESG performance

THDC has also adopted a robust set of procedures to ensure that the business activities are in line with ESG policy and ESG-MS requirements, and there is a process of undertaking continual assessment of and improvement to the ESG-MS procedures.

THDC has identified key metrics against each of the identified material topics and undertake interventions in those areas. The company has also established short-, medium- and long-term targets for key material areas and developed a proprietary data collection and monitoring template / mechanism to monitor these metrics and targets.

Additionally, THDC has established a monitoring schedule to evaluate adherence to ESG policy principles, monitor key metrics, targets, and initiatives quarterly, bi-annually and annually at various levels across the organization. These include:

- THDC’s Board of Directors shall review the ESG performance on an annual basis.
- The Environmental, Social and Governance Committee (ESG) Committee will monitor key ESG aspects bi-annually;
- The Cross-Functional Sub-Committees will meet quarterly to review current operations and ESG performance.

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The data collected and reported to the ESG Committee on an annual basis will also be shared with select external stakeholders as per the discretion of the Committee. These stakeholders can comprise of:

- Investors and shareholders
- Public disclosures which may include, but not limited to, Sustainability Reports and Integrated Annual Reports
- Regulatory bodies

8. STAKEHOLDER ENGAGEMENT AND EXTERNAL COMMUNICATION MECHANISM

At THDC, we aspire to create long-term value to our stakeholders through ESG integration.

Our vision for value creation is described below:

S. No	Stakeholder	Description
1	Government and Regulators	We are committed to complying with all ESG legislation, rules and other regulatory requirements applicable to our businesses and operations in the jurisdictions within which we work.
2	Staff and Employees	Through ESG we aspire to create a safe, inclusive, non-discriminatory and motivated workplace.
3	Clients and Customers	We aim to deliver fair outcomes for clients by delivering services that meet their needs and are appropriate to their circumstances. We are transparent in communication and receptive to their grievances and strive to create satisfaction. ESG is also a tool to enhance awareness of growing environmental and social concerns to our large client base, thereby contributing to sustainable development.
4	Investors	ESG is a tool to deliver long term sustainable returns to our investors and create confidence in the vision and mission of THDC.

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5	Communities	We aspire to contribute to our nation’s sustainable economic growth and will always seek platforms to engage and collaborate on ESG aspects for the benefit of the wider communities.
6	Business Partners	Take partners along in the ESG strategy.

8.1. External Communication and Grievance Mechanism

THDC maintains a robust and transparent procedure to address stakeholders’ environmental and social concerns. These procedures include methods to i) receive and register external communications and grievances from the stakeholders and the general public; ii) screen and assess the issues raised and determine how to address them; iii) provide, track and document responses and iv) adjust the management program, as appropriate.

THDC has a robust External Communication Mechanism (ECM) for receiving any external communication in form of queries/concerns from concerned stakeholders on ESG aspects. The procedure is intended to establish a process for outreach and communication with external parties (anyone who is adversely affected by operations of THDC, its subsidiaries and joint ventures). The same channels and platforms are proposed to be used to address environmental and social concerns as well. A multi-stakeholder grievance committee will be formed at each major project site, including community representatives, environmental experts, and THDC officials, to ensure impartiality and transparency in addressing grievances. Community Liaison Offices will be established in key operational regions to strengthen community engagement. Local community representatives will be integrated into grievance redressal committees to ensure inclusivity and responsiveness to community concerns.

The process of receiving, reviewing, and responding to communications from external stakeholders is managed by the corresponding head of Unit/Office/Dept.

The ECM process is as described below:

- i) **Contact information for reporting concerns:** All the concerns or questions with respect to the THDC and its ESG policy and ESG-MS can be submitted to directly to the email (**Sustainability@thdc.co.in**). Additionally, Web based system may be created. They will be reviewed by the ED (SSEA) to further resolve the matter. Additionally, the ED (SSEA) shall also forward the queries/concerns to the respective

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department for resolution. Community not having access to email will be able to submit complain in form of letter to Steering committee.

Stakeholders can also submit their grievances in the Public Grievance Portal of the Department of Administrative Reforms & Public Grievances (DARPG), Ministry of Personnel, Public Grievances and Pensions. The Head of the concerned office will respond within sixty days from the receipt of the grievance.

- ii) **Format for reporting concerns:** All the queries and concerns need to be submitted to via email in the following format.
 - Name and Contact Information of the sender;
 - Name of the entity / department / plant location to which the concern relates;
 - Description of the concern and any supporting documentation;
 - Date of the incident or action giving rise to the complaint (if applicable);
 - Specific remedy sought (if applicable);
 - Any other information as deemed appropriate by the sender.
 - Anonymous complaints will also be accepted through the grievance portal to encourage transparency and whistleblowing on sensitive ESG matters.
- iii) **Responding to the concerns:** The Concerned team will provide confirmation post receiving the queries and accordingly will draft the response while including relevant officer from the concerned entity / department / plant location. The draft response will then be shared externally to the relevant party.
- iv) **Establishing a timeframe for response:** For any complaints or grievance received on ESG aspects, the following response timelines are adopted:
 - If the complaint/grievance has been received in writing, an acknowledgement/ a response will be shared within a week.
 - If the complaint/ grievance is relayed over email or received over the phone appropriately recorded, a complaint reference number will be immediately provided (as an auto-generated email in the case of email).
 - After examining the concern, a final response or explanation for the next steps will be shared with the complainant. In case of requirement of more time for effective resolution, a response will be shared within thirty days of receipt of the complaint to explain the current resolution process and how to escalate it further if the level of satisfaction with the current process is less.

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THDC will always ensure that the communication and grievance redressal mechanism is robust and sensitive to ensure prompt redress if stakeholders' complaints/grievances, with the objective of minimizing recurrence. The approach will be guided by following principles:

- The company continues to work in good faith and without prejudice to the interests of its ESG policy and its responsibility towards its stakeholders.
- ESG aspects related to information requests, concerns, or complaints raised by stakeholders will always be dealt with courtesy and on time.
- The company continues to ensure that all stakeholders will be fully informed of avenues to escalate their complaints/ grievances and their rights to alternative remedy if they are not fully satisfied with the response of the Company.
- The various grievance redress channels follow a transparent process that is gender-responsive, culturally appropriate, and readily accessible to all segments of the stakeholders at no cost and without retribution.

9. Record keeping & database maintenance

The record of all ESG queries/ concerns or complaints would be maintained for a minimum period of three years from the date of their resolution. Backup copies of the software will be made as per the latest data security procedures adopted by THDC.

A template to record grievances in order to monitor their progress towards a resolution, is provided for reference as Annexure 3.

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Annexure -A

A broad list of ESG risks and impacts (or material topics) identified.

S.No.	Impact Category	Relevance to THDC
Environmental risks		
1.	Waste management	Major waste from THDC’s operational areas include e-waste, plastic waste, paper waste, solid and hazardous waste, etc. Their proper treatment is the Company’s responsibility.
2.	Ash disposal	The ash produced as a by-product or as unburnt residue of coal combustion in the Company’s power plants is required to be treated in an environmentally sound manner.
3.	Conservation of natural resources (such as water, energy, coal , etc.)	Significant volumes of water are consumed during THDC’s operations. Water stress is an increasing environmental issue in India and globally as well. Similarly, both office based and onsite operations of THDC consume a significant amount of energy. Many of THDC’s constructional and operational activities impact the surrounding biodiversity in different locations. There is a need for implementing a reduction strategy to minimize the water, energy and biodiversity footprint of the Company.
4.	Climate change mitigation	A significant quantity of GHG emissions are released into the atmosphere from fossil fuel combustion. It is the Company’s responsibility to ensure that it puts measures in place to reduce emissions from its power plants, including putting targets in place to reduce the overall emissions and improve conversation efficiency of the fuel.

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5.	Air emissions control	It is the Company's responsibility to manage the air pollutants (such as SO ₂ , NO _x and PM 2.5, etc.) released during the burning of coal through measures such as putting in place the latest carbon capture storage technology.
6.	Effluent Management	Issues such as strict environmental restrictions on wastewater discharge from power plants, regional water shortages and increase in water demand for electricity production make treatment of the effluent generated from electricity generation a critical concern for the Company.
7	Biodiversity	Flora and Fauna, Aquatic and terrestrial, impact on flora, fauna, aquatic and terrestrial ecosystems, as well as natural calamities
8	Disaster Management	Strategies and preparedness for managing natural and man-made disasters
9	Waste Management	Proper treatment of major waste areas, including e-waste, plastic waste, paper waste, solid, and hazardous waste.
10	Catchment Management	Managing water catchment areas affected by THDC's operations.
11	GLOF	Addressing concerns related to Glacial Lake Outburst Floods (GLOF).
12	Water Stress and Scarcity Management	Potential operational disruptions due to water scarcity in high-stress regions, impacting hydropower and cooling systems.
13	Renewable Energy Transition Risk	Challenges in transitioning from fossil fuels to renewable energy sources due to regulatory changes and market shifts.
14	Circular Economy Integration	Limited adoption of circular practices may lead to increased waste generation and resource inefficiency.

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Social risks		
12	HR practices for third party workers	Third-party workers are governed by the HR policies and procedures of a separate entity which may lack robust procedures to comply with applicable legal requirements.
13	Health & Safety	Health and Safety issues can lead to injury or deaths of the Company staff, if not managed effectively and efficiently. These issues may arise due to natural calamities, man-made disasters or human error.
14	Community Relations & Engagement	Strong community relations are important for the company to position itself positively amongst customers and improve its position in the market. Investing in strategic social investment through building community relations will help the Company achieve an increasing competitive advantage as well as support from the local communities where it is operating.
15	Fair treatment, non-discrimination and equal opportunity across the organization.	Organizations without documented policies and procedures to promote non-discrimination and equal opportunity and lack of open channel of communication are prone to concerns from internal and external stakeholders regarding its work environment and employee practices.
16	Community Relations & Engagement	Strengthening the relations with the community and enhanced engagement into the activities.
17	Employee health, safety, and well-being	Ensuring the well-being of company staff, including measures to prevent injuries and deaths, especially during natural calamities, man-made disasters, and human error incidents.
18	Human Resource Management including Human	Ensuring the optimum utilization of human resources as well as their overall development

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	Resource Development	
19	Labour Management	Addressing issues related to labour management within the organization
20	Socio-Political matters	Handling socio-political matters that may impact THDC's operations.
21	Human Rights	Ensuring respect for human rights within the company's operations.
22	Mental Health and Employee Well-being	Inadequate support for employee mental health could affect productivity, retention, and workplace morale.
23	Indigenous Rights and Community Engagement	Potential conflicts with indigenous communities due to land use, cultural impacts, and inadequate consultation.
Governance risks		
23	Effective governance structure	A Governance structure enables the board and the executive leadership to organize the mechanism by which governance is implemented in the Company. The lack of a good governance structure and model can lead to inconsistencies, overlaps and gaps in the mechanism which can lead to failure to enact governance policies that the board and management have put in place.
23	Adequate and effective Grievance Mechanism	Grievances can cover a broad range of concerns, from potentially illegal actions such as workplace discrimination, sexual harassment, victimization, key stakeholder concerns or complaints, etc. An inefficient mechanism to deal with grievances can lead to a negative working culture and environment, reduced productivity and even employee attrition.

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24	Adherence to Regulatory compliance conditions	It is the Company's responsibility to adhere to the necessary local, state and national laws, regulations and other rules that are relevant to the Company's operations.
25	Transparency and disclosures	Good corporate governance includes timely and accurate disclosures regarding all material matters. In addition to increasing transparency and accountability, effective disclosures also provide basis for secure evaluation of the Company's operations.
26	Business Ethics and integrity	Upholding business ethics and integrity standards within the organization.
27	Legal risks and Contractual Disputes	Minimizing the contractual and legal risks by standardizing contractual procedures, as well as timely resolution of all the disputes.
28	Operational Efficiency and plant availability	Striving to maximize the plant availability and efficiency by timely maintenance and standardizing the procedures.
29	POSH	Non-compliance with POSH regulations may lead to workplace harassment cases, legal consequences, and reputational damage.
30	VIGILANCE/ Whistle blower policy	Ineffective whistleblower protection mechanisms could suppress reporting of unethical practices, leading to fraud, corruption, and governance failures.
31	Cybersecurity and Data Privacy	Exposure to data breaches and cyberattacks, leading to operational disruption and loss of sensitive information.
32	Anti-Bribery and Corruption Controls	Reputational and legal risks arising from gaps in anti-bribery, corruption, and ethical governance frameworks.

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33	Board Diversity and Independence	Lack of board diversity and independence could hinder effective oversight and stakeholder confidence.
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Annexure 1 – Brief description of applicable ESG standards

1.	NATIONAL GUIDELINES ON RESPONSIBLE BUSINESS CONDUCT (NGRBC)
	<p>Ministry of Corporate Affairs has revised the India’s National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGs) and formulated the National Guidelines on Responsible Business Conduct (NGRBC). These guidelines urge businesses to actualize the principles of NGRBC in letter and spirit. These principles are:</p> <ol style="list-style-type: none"> 1. Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable. 2. Businesses should provide goods and services in a manner that is sustainable and safe 3. Businesses should respect and promote the well-being of all employees, including those in their value chain 4. Businesses should respect the interests of and be responsive to all their stakeholders. 5. Businesses should respect and promote human rights. 6. Businesses should respect and make efforts to protect and restore the environment. 7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent. 8. Businesses should promote inclusive growth and equitable development. 9. Businesses should engage with and provide value to their consumers in a responsible manner. <p>In furtherance to updating of NVGs and formulation of the NGRBCs, the Ministry of Corporate Affairs has constituted the Committee on Business Responsibility Reporting (BRR) to develop BRR formats for listed and unlisted companies. Non-financial reporting is increasingly</p>

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	<p>forming the basis for enhancing investor confidence in businesses and increasing their creditworthiness. The Committee is to develop comprehensive yet simple formats situating the various stakeholders at the center to not increase or duplicate reporting burden. The proposed formats are to reflect linkages to prevalent non-financial reporting formats, viz, Global Reporting Initiative (GRI), Integrated Reporting (IR) etc., and SDGs from a NGRBC perspective.</p>
2.	INTERNATIONAL FINANCE CORPORATION (IFC) ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARDS
	<p>The International Finance Corporation (IFC) Performance Standards are an international benchmark for identifying and managing environmental and social risk and has been adopted by many organizations as a key component of their environmental and social risk management. The Performance Standards are directed towards clients, providing guidance on how to identify risks and impacts, and are designed to help, avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way. There are eight Performance Standards establish standards that the client has to meet throughout the life of an investment by IFC as follows</p> <ul style="list-style-type: none"> • Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts • Performance Standard 2: Labor and Working Conditions • Performance Standard 3: Resource Efficiency and Pollution Prevention • Performance Standard 4: Community Health, Safety, and Security • Performance Standard 5: Land Acquisition and Involuntary Resettlement • Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources • Performance Standard 7: Indigenous Peoples • Performance Standard 8: Cultural Heritage
3	WORLD BANK GROUP ENVIRONMENTAL, HEALTH AND SAFETY (EHS) GUIDELINES
	<p>The World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) is technical reference document with general and industry-specific examples of good international industry practice. The guidance contains the performance levels and measures that are</p>

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normally acceptable to IFC, and that are generally considered to be achievable in new facilities at reasonable costs by existing technology. The General EHS Guidelines contains information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors.

- Environmental issues include- Air emissions and ambient air quality; wastewater and water quality; hazardous materials management; waste; noise
- Occupational Health and Safety (OHS) include -Facility design and operation; training; hazards – physical, chemical, biological, radiological; PPE
- Community Health and Safety include -Water quality and availability; life and fire safety; traffic safety; transportation of hazardous materials; emergency preparedness

4 ILO FUNDAMENTAL CONVENTIONS

The International Labour Organization (ILO) is a United Nations agency whose mandate is to advance social and economic justice through setting international labour standards. The ILO brings together governments, employers and workers to set labour standards, develop policies and devise a program which promotes decent work for all women and men.

- The ILO Governing Body has identified eight “fundamental” Conventions, covering subjects that are considered to be fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation
- India has ratified a total of 47 ILO conventions out of which 6 out of 8 are core conventions
- India has not ratified the core/fundamental Conventions namely Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) and Right to Organize and Collective Bargaining Convention, 1949 (No. 98), mainly due to technical

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	<p>reasons, but as a country, we promote good corporate governance which includes freedom of association and collective bargaining rights.</p>
5	UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS
	<p>The United Nations Guiding Principles on Business and Human Rights (UNGPs) is an instrument consisting of 31 principles implementing the United Nations (UN) "Protect, Respect and Remedy" framework on the issue of human rights and transnational corporations and other business enterprises. The UNGPs encompass three pillars outlining how states and businesses should implement the framework:</p> <ul style="list-style-type: none"> • The state duty to protect human rights • The corporate responsibility to respect human rights • Access to remedy for victims of business-related abuses <p>Guiding Principles apply to all States and to all business enterprises, both transnational and others, regardless of their size, sector, location, ownership and structure</p>
6	THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS
	<p>The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action by all countries to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The Sustainable Development Goals (SDGs) are a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The private sector is a key player to achieve the SDGs and the 2030 Agenda effectively</p>
7	THE UNIVERSAL DECLARATIONS OF HUMAN RIGHT
	<p>The Universal Declaration sets out, the fundamental human rights to be universally protected. It is a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international</p>

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	secure their universal and effective recognition. It promises to all the economic, social, political, cultural and civic rights that underpin a life free from want and fear.
8	IFC's CORPORATE GOVERNANCE DEVELOPMENT FRAMEWORK (CGDF)
	<p>The CGDF is the result of extensive collaboration among members of the global DFI Corporate Governance Working Group, which consists of representatives of several international finance institutions. The CGDF provides signatory institutions a common platform for evaluating and enhancing governance practices in their investee companies.</p> <p>The CGDF framework recognizes five core areas for an organization to develop, implement, and disclose their corporate governance practices. These areas are:</p> <ul style="list-style-type: none"> • Commitment to Corporate Governance • Structure & Functioning of the Board of Directors • Control Environment & Processes • Transparency & Disclosure • Rights of Minority Shareholders

Annexure 2 - Risk Assessment Form

S. No	Company area or department	Risk	Probability of occurring (low, medium, high, extreme)	Severity if occurred (low, medium, high, extreme)	Probability X Severity = Impact Score	Responsible Department	Target Mitigation Date	Notes

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Annexure 3 – Grievance Monitoring Format

Grievance ID	Date reported	Grievant	Handled by	Issue	Resolution/Required Action	Status	Date Resolved

Annexure 4- THDC’s adherence to the IFC Performance Standards

THDC has developed (and /or developing) processes and policies to adhere to the principles of the above-mentioned international Frameworks. The IFC Performance Standards form the core framework for the Company against which its current policies and practices are periodically assessed, benchmarked and revised to ensure alignment with leading global companies and institutions. The mapping of the Company’s policies to the individual principles of the Performance Standards is presented in the table below:

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List of policies	<i>PS 1: Assessment and Management of Environmental and Social Risks and Impacts</i>	<i>PS 2: Labor and Working Conditions</i>	<i>PS 3: Resource Efficiency and Pollution Prevention</i>	<i>PS 4: Community Health, Safety, and Security</i>	<i>PS 5: Land Acquisition and Involuntary Resettlement</i>	<i>PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</i>	<i>PS 7: Indigenous Peoples</i>	<i>PS 8: Cultural Heritage</i>
<i>Environmental Policy</i>	✓							
<i>Sustainable Supply Chain Policy</i>	✓							
<i>Integrated Plastic Management Policy</i>	✓		✓					
<i>Human Rights Policy</i>		✓						

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<i>Rainwater Harvesting Policy</i>	✓		✓					
<i>Ash Policy</i>	✓		✓					
<i>Biodiversity Policy</i>	✓					✓		
<i>E-waste Policy</i>	✓		✓					
<i>Fraud Prevention Policy</i>		✓						
<i>ICD Policy</i>				✓			✓	
<i>R&R Policy</i>					✓			
<i>Safety Policy</i>		✓						
<i>Water Policy</i>	✓							
<i>Whistle Blower Policy</i>		✓						
<i>SD Policy</i>	✓	✓	✓	✓	✓	✓	✓	✓

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<i>Waste Management Policy</i>	✓		✓					
<i>Disaster Management Plan</i>				✓				
<i>Complaint Handling Policy</i>		✓			✓			
<i>CSR Policy</i>				✓				

Current Status of the ESG Policy & ESG-MS Framework Document

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Version	Revision Date	Summary of Changes
1.0	-	-