

# ESG POLICY

## I. PREAMBLE

RITES believes that Environmental, Social, and Governance (ESG) principles are crucial to developing resilient companies and assets that deliver long-term value for our business stakeholders. We are committed to integrating ESG into our business process and operating philosophy. This ESG Policy outlines our firm-wide approach to integrate ESG in our business activities and depicts our commitment towards ensuring sustainability, diversity, integrity, and inclusiveness in our operations.

For effective compliance and communication on company's non-financial disclosures, Business Responsibility and Sustainability Report ("BRSR"), a mandatory reporting framework on ESG parameters in India shall be followed. Though the existing procedures and framework address the requirements of the National Guidelines on Responsible Business Conduct ("NGRBC") principles, RITES has evolved this Policy to address the core requirements more comprehensively. This policy extends to RITES's business operations and its value chain partners which include entities with which the organization has a direct or indirect business relationship.

## II. ESG POLICY FRAMEWORK

RITES is committed towards Environmental, Social and Governance parameters and has been working in this direction. Now RITES has evolved this Policy to address the core requirements more comprehensively in line with BRSR framework.

**Environment** – Sustainability is part of our purpose and business practices. We are committed to minimizing the impact RITES has on the planet and supporting those who are engaged in environment.

Protection. We stand by the UN Sustainable Development Goals and the Paris Climate Agreement. Charting a Net-Zero future, our approach dwells upon:

- Integrating Infra & Green Solutions
- 3Rs-Reduce, Reuse & Recycle
- Carbon Neutrality
- We will leverage our GREEN insight into action, expanding our capabilities in the pursuit of global environmental sustainability.

**Social** - Our people make up our business. Intellectual capital is core to our business model and our long-term sustainability as a business. We aim to foster an environment that values and nurtures unique talents and contributions from every individual within a culture of inclusivity.

**Governance** – RITES believes in the principle that good corporate governance establishes a positive organisational culture, and it is evident by its responsibility, accountability, consistency, fairness and transparency towards stakeholders.

## III. Scope of the Policy

This policy aims to set commitments, goals, and targets to be indicated by having a defined timeline. Performance and timeline to be measured and evaluated for each such target.

RITES shall define measurable commitments toward sustainability, highlighting the relevance of sustainability to the organization covering the vision and strategy of the organization with respect to managing environmental and social impacts that the organization causes, broader trends influencing the sustainability priorities of the entity, outlook on the organization's main challenges and targets etc.

This policy is subjected to revision based on emerging risk and opportunities as deemed suitable .

#### **IV. ESG Governance**

For effective ESG governance, the board shall nominate the highest executive authority in the organization who in turn will nominate a Business Responsibility and Sustainability ("BRS") committee which will be responsible for overseeing the compliance with applicable ESG related regulatory requirements, monitor progress against goals and targets as well as review RITES BRSR disclosures.

#### **V. Reporting Framework**

For the effective compliance of ESG policy, a structured framework is in the form of Business Responsibility and Sustainability Report ("BRSR"). The BRSR framework in detail is placed at Annexure A.

### **BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING FRAMEWORK**

The Securities and Exchange Board of India (SEBI), in its continued efforts to enhance disclosures on ESG standards, introduced new requirements for sustainability reporting in the form of Business Responsibility and Sustainability Report (BRSR). This reporting framework is based on nine principles enunciated in the National Guidelines on Responsible Business Conduct (NGRBC) by the Ministry of Corporate Affairs (MCA).

#### **PRINCIPLE 1 : Good Governance**

This principle covers aspects relating to our commitment to compliance with the provisions of the Code of Conduct, policies and all applicable laws and regulations.

- 1.1 RITES ensures to establish a robust governance system for compliance with applicable regulations and promoting ethical conduct throughout the organization with the primary objective of enhancing the shareholders' value.
- 1.2 RITES is committed to conducting its business in a responsible manner. RITES provides a secure mechanism for stakeholders to disclose any unethical and improper practices taking place in the company for appropriate action and reporting.
- 1.3 RITES's Code of Conduct ensures that all personnel avoid situations of conflict of interest in course of their activities.
- 1.4 RITES adheres to timely and appropriate disclosure of information that may impact stakeholders, maintaining high standards of transparency and accountability.
- 1.5 RITES competes for its objectives in an ethical and legitimate manner and prohibits all actions that are anti-competitive or otherwise contrary to applicable competition or anti-trust laws.
- 1.6 RITES abides by all applicable anti-bribery laws and prohibits money laundering or financing for illegal or illegitimate purposes.
- 1.7 It recognizes that businesses are an integral part of society and that they will hold themselves accountable for the effective adoption, implementation and the making of disclosures on their performance with respect to the Core Elements of these Guidelines.

#### **PRINCIPLE 2: Sustainability and Safety:**

The Principle emphasizes that RITES will focus on safety and resource efficiency in the design and manufacture of the products, and provision of services and use the products in a manner that creates value while minimizing and mitigating their adverse impacts on the environment and society through all stages of its life cycle, from design to final disposal.

- 2.1 As a responsible entity, RITES endeavours to align its business operations to the highest standards of safety, quality and sustainability. RITES remains committed to identifying and mitigating prioritized risks throughout its product/service lifecycle. Its product/service quality and safety practices further emphasize its efforts to deliver safe and effective products/services to all its consumers.
- 2.2 RITES remains committed to ensuring compliance with all applicable quality regulations and standards and regularly monitor its performance in its endeavour to improve existing processes and minimize any adverse impact of its operations across safety, health and environment parameters. RITES also encourages procurement from entities following and adhering to sustainable operative guidelines/directives.

2.3 RITES undertakes impact assessments and implements best practices with regard to water management, waste management, climate change mitigation, and protection of biodiversity and ecosystem across the value chain. Furthermore, RITES communicates openly with all its stakeholders including suppliers for improving environment, health and safety performances.

### **PRINCIPLE 3: Employee Well-being**

This Principle encompasses all policies and practices relating to the equity, dignity and well-being of all employees engaged with RITES or in its value chain, without any discrimination and in a way that promotes diversity. The principle recognizes that the well-being of an employee also includes the wellbeing of her/his family.

- 3.1 RITES recognizes all its employees and business partners as an integral part of its business model. All its employee development policies are driven by the pillars of Inclusivity, Fairness and Diversity and are committed to building a conducive working environment, instilling trust and satisfaction amongst its employees.
- 3.2 It is the RITES's policy to recruit, hire, promote, assign, compensate and train qualified persons without any discrimination and in compliance of applicable laws. Furthermore, RITES's whistle-blower policy outlines the mechanism for grievance redressal of any such incidents.
- 3.3 RITES strives to provide its employees with a safe and healthy work environment and encourages its employees to proactively report on Employee Health and Safety (EHS) incidents, inclusive of near-misses, further ensuring effective resolution and implementation of corrective actions through formalized redressal mechanisms, across all our business and manufacturing operations. RITES requires all its value chain partners to be compliant with the provision of a safe and healthy working environment.
- 3.5 RITES strives to provide a conducive work environment and effective benefits for employees to enable them to accomplish both their professional as well as personal development.
- 3.6 RITES encourages continuous skill upgradation of its employees.
- 3.7 RITES ensures accessibility for differently-abled employees and workers.
- 3.8 RITES endeavours to maintain better Return to work and retention rates for employees and workers that took parental leave.
- 3.9 RITES have mechanisms set in place to receive and redress grievances for its employees.
- 3.10 RITES ensures that statutory dues have been deducted and deposited by the value chain partners.
- 3.11 RITES promotes assessment of value chain partners for health and safety practices and working conditions and corrective action mechanisms on concerns arising from assessment for the same.

### **PRINCIPLE 4: Inclusive growth of all stakeholders**

The Principle acknowledges that it is the responsibility of businesses to ensure that the interests of all stakeholders, especially those who may be vulnerable and marginalized, are protected.

- 4.1 RITES recognizes the interdependent relationship it shares with its stakeholders and continues to periodically engage with them to further accrue their interests across the evolving regulatory and Environment, Social and Governance (ESG) landscape. RITES

aligns its business activities and strategy with stakeholder interests in order to maximize impact and deliver value-generated outcomes.

- 4.2 RITES constantly endeavours to share and disclose material information to its stakeholders and effectively communicates its plans and achievements through media to internal and external stakeholders.
- 4.3 Further, RITES is committed to making uniform and universal dissemination of unpublished price-sensitive information to avoid selective disclosure.
- 4.4 RITES's Risk Management Policy enables proactive identification, assessment, management, monitoring and reporting of identified and prioritized risks. This policy underpins RITES's efforts to remain a competitive and sustainable Company, enhancing operational effectiveness and creating wealth for employees, shareholders and stakeholders.
- 4.5 RITES understands and addresses evolving concerns of stakeholders, including divergent and marginal interests, in a fair and equitable manner.

#### **PRINCIPLE 5: Respect for Human rights**

This Principle recognizes that human rights are rights inherent to all human beings and that everyone, individually or collectively, is entitled to these rights, without discrimination.

- 5.1 RITES integrates the principles and norms of Human Rights across its business to protect the interests of its employees and value chain partners. As a responsible Company, it strives to ensure compliance with all relevant policies and regulations pertaining to Human Rights in line with regulatory guidelines.
- 5.1 RITES integrates Human Rights as a core value in business operations and ensures comprehensive governance on the subject and strives to implement procedures and grievance redressal frameworks, including human rights due diligence.
- 5.2 RITES effectively communicates on Human Rights aspects to all employees and value chain partners across operations and provides communication channels for grievance redressal.

#### **PRINCIPLE 6: Environmental Protection**

This Principle recognizes that environmental responsibility is a prerequisite for sustainable economic growth and for the well-being of society.

- 6.1 RITES is cognizant of the responsibility etched to its business activities and its consequent impact on the environment and society at large. RITES conduct risk and opportunity assessments to identify any adverse impact of its products and services on the environment.
- 6.2 RITES's governance and control mechanisms are designed to address applicable environment regulatory and compliance requirements across and all stages of its life cycle operations.
- 6.3 RITES strives to establish business practices that utilize resources in an optimal manner by integrating sustainability principles like reduce, reuse, recycle, recover and replenish (5R) into all aspects of its business.

6.4 RITES communicates with all key stakeholders including suppliers, service providers, contractors and key business partners for improving environment, health and safety performances.

#### **PRINCIPLE 7: Responsible organisation**

The principle recognizes the legitimacy of businesses to engage with governments for redressal of a grievance or for influencing public policy.

7.1 As a responsible organization, RITES is cognizant of the guidelines provided by regulators and legislative bodies across the social, environment and economic parameters and endeavours to maintain ethical conduct, respecting the values of equity, integrity and transparency across all our policy advocacy positions.

7.2 RITES works with policymakers as knowledge partners to share insights, scientific knowledge and technical expertise. RITES remains ethical, unbiased and transparent, and ensures its activities are in line with the nation's interest and have a positive social impact.

7.3 RITES engages with trade associations to raise industry benchmarks and exchange best practices. Further, RITES actively participates in public policy discussions to share industry perspectives and expertise.

#### **PRINCIPLE 8: Promote inclusive growth and equitable development.**

This Principle recognizes the challenges of social and economic development faced by the country and builds upon the national and local development agenda as articulated in government policies & priorities and encourages businesses to innovate and contribute to the overall development of the country with a specific focus on disadvantaged, vulnerable and marginalized communities by reiterating that business success, inclusive growth and equitable development are interdependent.

8.1 The upliftment of communities has always been an integral part of RITES' business strategy. Co-creating a holistic, equitable and inclusive society underpins RITES's ambition to deliver long-term value creation across its business activities and consistently strive to create meaningful impact on the lives of all its stakeholders.

8.2 RITES strives to identify and address the needs of local communities, particularly vulnerable and marginalized groups through the implementation of focused CSR programs.

8.3 RITES leverages its financial and human resources networks and expertise to create maximum impact for its stakeholders.

8.4 RITES strives to invest in R&D and technology to bring advancement in product development, enabling positive and equitable impact on the environment and society.

#### **PRINCIPLE 9: Engage with and provide value to consumers in a responsible manner.**

This Principle recognizes that the basic aim of RITES is to provide goods and services to its consumers that are safe to use, and in a manner that creates value for both.

9.1 RITES is committed to responsible growth and delivering its superior products and services to its consumers/customers and ensure responsible and transparent communication with them for pricing, quality and accessibility.

- 9.2 RITES strives to maintain transparency and clarity in its offerings through timely, factual and responsible marketing and communication.
- 9.3 RITES takes utmost care in respecting personal privacy and dignity and keeps information confidential.
- 9.4 RITES provides its customers with guidance on the safe and responsible usage of products and services.
- 9.5 All Personnel endeavour to deal honestly, ethically and fairly with the RITES's value chain partners. The company ensures that statements regarding RITES's products and services must not be untrue, misleading, deceptive or fraudulent.
- 9.6 RITES takes consistent efforts in engaging with customers on an ongoing basis, recognize their concerns and correspondingly address them in a responsible manner. RITES strives to make continuous efforts to ensure universal accessibility of product to all, without any discrimination.