

HFCL Limited

Environmental Management Policy

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1.0	Mr. Neeraj Ahuja, Vice President – Operations	1 April, 2025	Mr. Harshwardhan Pagay, President

1. Objective

HFCL Limited (“**HFCL**” or the “**Company**”) recognizes the critical role of environmental management in supporting sustainable and responsible business operations. This Policy provides a structured framework to guide the Company’s approach to managing key environmental aspects associated with its operations, including energy consumption, emissions management, and waste management and recycling.

HFCL is committed to complying with applicable environmental laws and regulations across its operational geographies. The Company also aims to align with internationally recognized standards and best practices such as ISO 14001, UN Sustainable Development Goals (SDGs), and environment-related principles of the UN Global Compact (UNGC).

2. Scope and Applicability

This Environmental Management Policy applies to all operations of HFCL across its offices, facilities, project sites, and field locations across geographies. It extends to all employees, workers, and functional teams whose activities impact or are impacted by environmental factors.

The Policy is also applicable to suppliers, contractors, and service providers engaged with HFCL, encouraging them to operate in an environmentally responsible manner aligned with the Company’s principles.

3. Definitions

- “**Company**”, “**we**”, “**our**”, or “**HFCL**” refers to HFCL Limited.
- “**Policy**” refers to this Environmental Management Policy of HFCL.
- “**Environmental Management System (EMS)**” is a structured framework for managing environmental responsibilities in compliance with ISO 14001:2015.
- “**Climate Change**”, is defined by the United Nations Framework Convention on Climate Change (UNFCCC) as a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.
- “**Emissions**”, as defined by the UNFCCC refer to the release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time.
- “**Carbon Footprint**”, refers to the total greenhouse gas emissions caused by HFCL’s activities, expressed in equivalent tons of CO₂.
- “**Zero Liquid Discharge (ZLD)**” refers to a wastewater treatment process ensuring that all wastewater is treated and reused, with no discharge into the environment.
- “**United Nations Sustainable Development Goals (UN SDGs)**” are a set of 17 UN SDGs aimed at addressing climate action, responsible consumption, and sustainable industrialization.
- “**UN Global Compact**” is a voluntary initiative encouraging companies to align strategies with universal sustainability principles, including environmental responsibility.
- “**Waste**” refers to any material that is discarded, intended to be discarded, or required to be disposed of following operational activities.
- “**Hazardous Waste**”, as defined by the Basel Convention, refers to substances that exhibit toxic, corrosive, flammable, reactive, or infectious characteristics, posing a risk to human health and the

environment. It includes substances such as heavy metals, solvents, medical waste, and certain industrial byproducts.

- **“Non-hazardous Waste”** refers to waste that poses no risk to human health and the environment.
- **“Circular Economy”**, as per the European union, is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.
- **“Extended Producer Responsibility (EPR)”** is defined by the Organization for Economic Co-operation and Development (OECD), as a policy approach that makes producers responsible for their products along the entire lifecycle, including at the post-consumer stage.

4. Policy Commitments

HFCL upholds high standards of environmental responsibility across its operations and value chain. The Company integrates sustainability into strategic and operational decision-making, strengthens compliance, and promotes best practices aligned with international standards. In pursuit of this, HFCL shall:

- Comply with applicable environmental laws and regulations in all operational geographies, covering areas such as emissions, energy use, water management, and waste disposal.
- Commit to the protection of the environment, including prevention of pollution, resource conservation, and minimization of environmental harm.
- Set measurable objectives and targets to reduce adverse environmental impacts and drive continual improvement.
- Build awareness and competence among employees, contractors, and value chain partners through ongoing training and engagement.
- Monitor, review, and transparently disclose environmental performance in line with global reporting frameworks.

4.1 Water Use and Management

HFCL emphasizes responsible water use and management throughout its operations. This includes:

- Ensuring that water withdrawal, usage, storage, and discharge comply with all relevant national and international water-related laws and regulations.
- Implementing Zero Liquid Discharge (ZLD) systems across manufacturing facilities to eliminate untreated wastewater discharge.
- Monitor and track water consumption against global benchmarks to drive efficiency improvements.
- Collaborate with suppliers, contractors, and stakeholders to promote responsible water use throughout the value chain.
- Raise awareness and provide training programs on water conservation for employees and business partners.
- Engage with local communities to support water sustainability initiatives and reduce shared water risks.

4.2 Waste Management and Circularity

The Company adopts a structured approach to minimize, manage, and responsibly dispose of all types of waste; it commits to:

- Complying with all applicable laws, regulations, and international standards related to waste management, Establishing effective waste segregation systems for recyclables, organics, and hazardous materials.
- Ensuring responsible disposal of hazardous waste through authorized vendors in adherence with applicable waste disposal regulations.
- Reusing and recycling plastic and paper packaging in alignment with Extended Producer Responsibility (EPR) obligations.
- Minimizing landfill waste by shifting toward recycling, reuse, and alternate sustainable disposal solutions.
- Encouraging the adoption of low-plastic product designs and dry-core constructions to reduce petroleum-based material use.

4.3 Energy Management

HFCL seeks to optimize energy usage and shift toward cleaner energy alternatives through the following:

- Complying with all applicable laws, regulations, and international standards related to energy efficiency, renewable energy, and sustainable energy use.
- Conducting regular energy audits to evaluate energy performance and identify potential improvements.
- Deploying energy-efficient infrastructure such as LED lighting and thermally optimized buildings.
- Enhancing energy performance in manufacturing and operational processes through continuous upgrades and best practice adoption.
- Increasing reliance on renewable energy, with a particular focus on scaling solar power installations across facilities.
- Procuring green energy credits (RECs) through verified third-party agreements to supplement direct renewable energy usage and support broader sustainability goals.
- Setting and reviewing energy efficiency targets based on business objectives and regulatory requirements.

4.4 GHG Emissions and Climate Action

HFCL integrates climate action into its environmental agenda, with a clear focus on decarbonization and emissions transparency. To this end, it commits to:

- Complying with all applicable laws, regulations, and international standards related to emissions management
- Advancing toward net zero greenhouse gas (GHG) emissions by 2050, in line with the Paris Agreement.
- Identifying and reducing Scope 1, 2, and 3 emissions through technology upgrades, low-carbon alternatives, and process improvements.

- Continuing development of a comprehensive Scope 3 GHG emissions inventory, with public disclosure starting FY 2025.

4.5 Biodiversity & Ecosystem Protection

HFCL seeks to minimize its impact on biodiversity and contribute to the preservation of ecosystems across its operational geographies through the following:

- Complying with applicable laws, regulations, and international standards related to biodiversity and ecosystem protection.
- Incorporating biodiversity considerations into its broader ESG strategy and exploring opportunities to promote habitat conservation.
- Promoting sustainable land use practices and ensuring minimal disruption to local habitats in the vicinity of operational sites.
- Collaborating with local communities to support ecosystem restoration and conservation efforts wherever feasible.

5. Roles and Responsibilities for Implementation

Effective implementation of this Environmental Management Policy requires coordinated effort and accountability across all levels of HFCL's operations and its extended value chain. The following outlines the key roles and responsibilities:

- **Senior Management:** Oversee integration of environmental priorities into business strategy and decision-making. Approve environmental objectives, allocate necessary resources, and ensure alignment with applicable regulations and international best standards.
- **ESG Committee:** Drive policy implementation by coordinating environmental initiatives, monitoring compliance, tracking performance indicators (e.g., waste, energy, emissions, water), and ensuring periodic reviews and disclosures in line with ISO 14001 and global sustainability frameworks.
- **Employees and Workers:** Adopt environmentally responsible practices in day-to-day operations, comply with all relevant procedures (e.g., waste segregation, energy-saving), and participate in training and awareness sessions on environmental sustainability.
- **Suppliers and Business Partners:** Support HFCL's environmental objectives by embedding sustainable practices in their own operations, including efficient resource use, responsible waste handling, and transparent reporting on environmental performance.

6. Grievance Redressal

HFCL aims to embed environmental responsibility across its operations and value chain. Stakeholders who observe instances of non-compliance with environmental regulations or wish to suggest improvements related to waste, energy, water, or emissions practices may reach out to the ESG Committee. All concerns and suggestions will be reviewed as per internal protocols and addressed fairly, transparently, and in a timely manner.

7. Monitoring and Review

HFCL will regularly monitor the implementation and effectiveness of this policy through internal assessments and the tracking of key environmental performance indicators, including waste

management, water use, energy consumption, and emissions. Monitoring efforts will be supported by data collection, environmental performance audits, and periodic evaluations against defined metrics and targets.

The ESG Committee will periodically review progress to ensure alignment with HFCL's environmental commitments, applicable laws, evolving regulatory frameworks, international best standards, and stakeholder expectations.

8. Communication of the Policy

HFCL is committed to transparent communication of this policy to ensure awareness and alignment across all stakeholders. The Environmental Management Policy to be made available on our website.

To build ownership and deepen understanding, HFCL will conduct periodic awareness and training sessions on environmental management for employees, workers, contractors, and value chain partners, with a focus on roles, responsibilities, regulatory compliance, and best practices.

Any updates or revisions to the policy will be promptly communicated through internal communication channels and relevant external disclosures, ensuring consistent understanding and application across the organization and its value chain.

9. Related Policies

This policy should be read alongside the following policies of HFCL:

S. No.	Policy
1	Climate Change and Net-Zero Policy
2	Waste Management Policy
3	Water Stewardship Policy