

## ESG Governance: A Three-Tiered Architecture

REC Limited operates a robust, three-tier governance structure designed to embed sustainability into every facet of the business. This architecture ensures clear lines of accountability, balancing operational agility with high-level Board oversight to reinforce our commitment to responsible finance.

### **Tier 1: Board Level Risk Management Committee (RMC) – Strategic Oversight:**

*Leadership:* Chaired by an Independent Director, the RMC serves as the apex body steering enterprise-wide risk, specifically focusing on climate and ESG-related risks.

*Function:* Conducts quarterly reviews of ESG performance against targets, ensuring sustainability considerations are integrated across all business functions to address evolving global risks.

### **Tier 2: ESG Committee – Management-Level Stewardship:**

*Composition:* Comprises Heads of Departments from all Business Divisions, HR, CSR, Estate, IT, CS, Admin and PCM.

*Function:* Responsible for the overall implementation of the ESG policy framework and reviewing performance through regular committee sessions to ensure cross-departmental alignment.

### **Tier 3: ESG Division – Operational Execution:**

*Leadership:* Led by an Executive Director and a dedicated team focused on implementing the Board-approved ESG Policy.

*Function:* Gap analysis and its addressal by target setting and meticulous data validation. Preparation of Business Responsibility and Sustainability Report in compliance with the with SEBI LODR regulations, Preparation of companies GRI Referenced ESG Report and engagement with rating agencies including international like CDP, S&P CSA etc. Also, prepares detailed quarterly reports for senior management and the Board.

**Impact:** This tiered approach ensures that day-to-day ESG actions are rigorously monitored while strategic direction remains firmly within the Board's purview.