



# Re Sustainability Limited (ReSL)

## ESG Factbook FY 2022-23



# Contents

|                                     |           |
|-------------------------------------|-----------|
| <b>Introduction.....</b>            | <b>3</b>  |
| <b>Materiality Assessment .....</b> | <b>3</b>  |
| <b>ESG Targets.....</b>             | <b>6</b>  |
| <b>Governance.....</b>              | <b>6</b>  |
| <b>Social .....</b>                 | <b>9</b>  |
| <b>Environment .....</b>            | <b>11</b> |

## Introduction

Re Sustainability Limited (ReSL), formerly Ramky Enviro Engineers Limited, stands as a pioneering force in transforming global integrated waste management practices for nearly three decades. ReSL, unyielding in its commitment to environmental protection, continuously implementing innovative strategies and advanced technologies. These efforts have resulted in substantial decrease in the environmental impact of waste management operations, advocating for the preservation of resources.

Headquartered in India, ReSL operates on a global scale, reaching out to 21 Indian states and 10 international territories in Asia Pacific, South Asia, Middle East, Africa, and the US. ReSL is a firm in its resolve to provide unique solutions, offering a wide array of environmental services and infrastructure. Their expertise extends across different waste management categories such as hazardous, municipal, biomedical, MARPOL, construction and demolition, and e-waste. In addition, ReSL provides waste-to-energy and recycling services covering wastewater, paper, plastic, and integrated waste. ReSL also offers environmental solutions like remediation, Effluent Treatment Plants (ETPs) and wastewater treatment.

Sustainability at ReSL revolves around three pillars: Business Ecosystem, People, and the Environment, aligned with the ESG approach. Each pillar has distinct objectives supported by a well-defined roadmap, contributing significantly to Sustainable Development Goals (SDGs). This integrated approach underscores ReSL's dedication to sustainability and environmental excellence.

We at ReSL are pleased to introduce our ESG Factbook—a comprehensive compendium crafted to underscore our commitment to ESG pillars. This Factbook provides an in-depth look at our sustainability plan, highlighting objectives, forward-thinking measurements, and extensive ESG aspects. It will effortlessly supplement our Integrated Report, offering a more profound view of our path towards sustainability. Beginning next year, these insights will be smoothly incorporated into our reporting structure for ensuring transparency and consistency.

## Materiality Assessment

At ReSL, we firmly hold the belief that the creation of enduring value involves addressing issues that are of significant to our both internal and external stakeholders, and that could potentially influence our organization's ability to generate long-term value. We carry out materiality assessment periodically, at least once in every 2 years. Materiality process is integrated into our ERM process. The organization performance for the three material issues is listed below:

### 1. **Material Issue:** Hazardous and Non-Hazardous waste management (Resource Recovery)

**Business Case:** Implementing resource recovery strategies in ReSL creates substantial business opportunities. This approach is cost-effective and eco-friendly, reduces landfill use, and can generate revenue through the sale of reclaimed resources. It supports a circular economy, fostering sustainability, and decreases dependence on new materials. Moreover, it ensures compliance with ever-tightening waste management regulations. Therefore, resource recovery presents an appealing business case due to its direct economic, environmental, and regulatory advantages.

**Strategy:** Adoption of innovative waste processing techniques to reclaim valuable materials. We invest in technology and equipment to efficiently extract recyclable elements from waste, simultaneously reducing landfill dependence and costs. The reclaimed resources would be sold, creating a new revenue stream. By integrating these approaches into our operations, not only does this leverage us economically, but it also promotes environmental sustainability and ensures regulatory compliance.

**Long term target:**

- Alternative Fuel and Raw Material (AFR) generation :
  - 50,000 MT by FY 2025
- Refused Derived Fuel (RDF) sent to Cement Industries:
  - 2,00,000 MT by FY 2025

Long term targets shall be identified based on the progress made on short term targets

**Progress:**

- Alternative Fuel and Raw Material Usage: 16,289 MT
- Refused Derived Fuel sent to Cement Industries: 1,11,788 MT

**2. Material Issue: Occupational Health and Safety**

**Business Case:** Improving Occupational Health and Safety (OHS) directly reduces workplace accidents and associated compensation costs in a organization. Furthermore, a strong OHS strategy enhances employee productivity and morale, lowers absenteeism, upholds the Organization's reputation, and ensures regulatory compliance, reducing expensive fines and legal issues.

**Strategy:** Maintaining our workforce's occupational health and safety is a primary objective at our organization. We manage this via standard training, reviews, audits, and regular communication, thus ensuring adherence to our corporate OHS policies and protocols. We execute corporate audits for safety improvement and risk reduction across all sites. Our aim is to create a standardized system throughout, and we run corporate training for all stakeholders to improve skill levels.

**Long term target:**

- Zero work-related injuries by FY 2028
- Safety Enhancement Drive (SED) will be extended to all operating sites by FY 2028

**Progress:**

- 6 work related injuries for employees in FY 2023
- 53 sites Safety Enhancement Drive (SED) completed

**3. Material Issue: Fleet Fuel Management**

**Business Case:** The management of fleet fuel is crucial for ReSL to operate efficiently. By effectively managing fuel consumption, ReSL can significantly reduce operational costs and its carbon footprint. Besides, optimizing fuel usage also enhances the longevity and performance of the fleet.

**Strategy:** Ensuring efficient fuel consumption can reduce operating costs and environmental impact. Therefore, the business strategy would involve investing in fuel-efficient vehicles, electric vehicles and implementing route optimization software to reduce unnecessary mileage and idling, consequently reducing fuel usage.

**Long term target:**

- Fleet substitution with EV and CNG Vehicles to 75 % by FY 2028

**Progress:**

- Around 40% of vehicles are from EV and CNG

## Material issues w.r.t External stakeholders

| Parameter                                 | Material Issue 1   | Material issue 2  |
|---|--|---|
| Material Issue for External Stakeholders  | Community Engagement   | Data privacy & cyber security   |
| Cause of impact                           | <p>Community engagement plays a vital role in our external impact, particularly considering our operations, services, and supply chain. The responsibility of managing this impact is primarily vested in various business units of our organization. From an operations perspective, our local units actively engage in supporting the communities they operate within. This could include local employment generation, skills development, or provision of essential services. When it comes to our services, we ensure that they are designed, not only adhering to highest quality standards, but also keeping in mind the needs of various communities we serve. Our supply chain also has a significant part in the community engagement, as we continually work with suppliers who have strong community ties, and who contribute positively to their local economies. The assessment of our external impact considers all these business activities in its scope, as we believe that a committed and responsible business plays a key role in creating thriving communities.</p> | <p>Our business recognizes several key areas within our operations that are responsible for managing the external impacts. Specifically, our IT operations department takes the lead in securing our digital infrastructures and implementing rigorous cybersecurity protocols. Through this, we aim to ensure that the data of our customers, partners, and employees is protected. Our services also play a role as we consistently integrate privacy by design principles into our development process to ensure data is safeguarded. Furthermore, our supply chain management teams have a hand in managing data privacy risks, being responsible for ensuring the privacy and security standards of our suppliers and third-party providers are up to par.</p> |
| Impact areas on external stakeholders     | <p><b>Operational Impact:</b> Local recruitment and diversity can be increased through community engagement.</p> <p><b>Supply Chain Impact:</b> Strengthen business relations by fostering supportive collaborations with local suppliers.</p> <p><b>Progress:</b> Approx. 60000+ people were impacted</p>   | <p>A breach in data privacy and cybersecurity can significantly impact stakeholders, compromising their personal and financial information. This could lead to loss of trust, a damaged reputation, and potential legal actions, affecting customer loyalty and business relationships.</p>   |
| Topic relevance for external stakeholders | <p>Our community involvement can serve as a positive benchmark for our industry colleagues, enhancing our reputation among the broader public, government entities, and non-profit organizations.</p>  | <p>Data privacy and cybersecurity are paramount for external stakeholders as it directly affects their confidence in and dealings with the organization. It's crucial to ensure their data is safe, as it significantly impacts business relationships and our reputation</p>   |

## ESG Targets

From the material issues identified, we established essential Key Performance Indicators (KPIs) and set relevant targets to effectively monitor the progress and success of our strategies. These KPIs consist of specific measurements that reflect the organizational performance in various areas. By setting goals, we aim to encourage continuous improvement within the organization. These targets act as a critical tool for decision making, enabling us to identify areas that require improvement, formulate corrective actions, and ultimately achieve our strategic objectives. In essence, through these KPIs and targets, we ensure accountability, drive performance, and foster a culture that values results and continuous improvement.

| Focus Area                                 | Targets   |
|--|---|
| <b>Air Emissions</b>                       | <ul style="list-style-type: none"> <li>Maintain zero non-compliance incidents</li> </ul>  |
| <b>Resource Recovery</b>                   | <ul style="list-style-type: none"> <li><b>Waste to Energy:</b> Additional <b>48 MW capacity</b> to be added by FY 2025</li> <li><b>AFR</b> by FY 2025: <b>50,000 MT</b></li> <li>Increase <b>RDF</b> to Cement Industries to <b>2 Lakh Tons</b> by FY 2025</li> </ul> |
| <b>Fleet Fuel Management</b>               | <ul style="list-style-type: none"> <li><b>Increase of EV and CNG Vehicles to 75%</b> by FY 2028</li> <li><b>60%</b> reduction of <b>diesel</b> consumption in fleet by FY 2028</li> </ul>   |
| <b>Energy</b>                              | <ul style="list-style-type: none"> <li><b>2%</b> decrease in <b>energy intensity</b> YoY (for all business divisions)</li> </ul>  |
| <b>Water efficiency, recycle and reuse</b> | <ul style="list-style-type: none"> <li>Reduce <b>5%</b> of Process Water Intensity FY 2030</li> <li>Reduce <b>10%</b> of Process Water Intensity by FY 2040</li> </ul>  |
| <b>Human Rights</b>                        | <ul style="list-style-type: none"> <li><b>100%</b> of reported incidents are addressed</li> </ul>   |
| <b>Diversity and Inclusiveness</b>         | <ul style="list-style-type: none"> <li><b>18% female</b> representation by FY 2025 and <b>25%</b> by FY 2030</li> <li><b>25 LGBTQ+/PC</b> community members in the total workforce by FY 2025 and 100 by FY 2030</li> </ul>   |
| <b>Community Engagement</b>                | <ul style="list-style-type: none"> <li>Impact: <b>80000 beneficiaries</b> by FY 2028</li> </ul>   |
| <b>Occupational Health and Safety</b>      | <ul style="list-style-type: none"> <li><b>100%</b> employees trained on <b>Behaviour Based Safety</b> by FY 2025</li> <li><b>Zero work-related injuries</b> by FY 2028</li> </ul>   |
| <b>Data Privacy and Cybersecurity</b>      | <ul style="list-style-type: none"> <li>Maintain <b>Zero</b> data breaches</li> </ul>  |

## Governance

Governance factors evaluate Organization's leadership, executive pay, audits, internal controls, and shareholder rights. This dimension assesses the Organization's commitment to accountability, transparency, and ethical conduct in its operations. It underscores the importance of robust corporate governance structures for long-term sustainability.

## **Board Diversity**

ReSL strongly advocates for diversity in its director nomination process, recognizing that varied perspectives enhance decision-making and contribute to corporate success. ReSL's nomination procedures are designed to eliminate any form of discrimination; nominees are evaluated solely on their qualifications, skills, experience, and alignment with the Organization's values and goals, irrespective of their age, gender, or cultural background. The Nomination and Remuneration Committee of the Organization evaluates the profiles and eligibility of the proposed directors on various above-mentioned parameters in addition to the requirements as defined in the Companies Act 2013.

## **Target share of Independent Directors**

ReSL complies with the Companies Act 2013, and according to section 149(4) of Companies Act, Companies shall have to maintain at least two directors as independent directors, if

- the Public Companies having paid up share capital of ten crore rupees or more: or
- the Public Companies having turnover of one hundred crore rupees or more; or
- the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees:

Since the Organization has turnover of more than INR 100 crores, the above-mentioned principles are relevant to ReSL. As such, requirement is to maintain at least two independent directors. As on March 31, 2023, our organization has included three independent directors on board.

## **Board Election Process**

ReSL complies with The Companies Act 2013, and Section 152 of The Companies Act, outlines the appointment process of directors in a Organization. The process of election of directors begins with the review and evaluation of the proposed Director's profiles by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee (NRC) evaluates the Directors on the parameters of their qualifications, skills, experience, and alignment with the Organization's values and goals. Basis on its review the NRC recommends their appointment to the Board of the Organization. The Board further reviews and recommends their appointment to the Shareholders for approval at a general meeting. Each director shall be appointed by a separate resolution, unless a single resolution has been agreed upon at the meeting, without any vote against it.

## **Minimum Attendance**

According to the Companies Act 2013, under Section 167(1)(b), if a Director does not attend the Board meetings for a continuous period of 12 months, starting from the day on which he/she was absent at the first board meeting, even if the meetings were held through video conferencing or other audio-visual means, he/she will vacate the office and will no longer be considered a Director. As per the law the minimum requirement to conduct a Board or Committee Meeting is 1/3rd of total strength of Board/Committee of 2 Directors whichever is higher, however as a best practice, our organization strives to achieve a minimum attendance of 65% for all meetings. In the last 4-5 years, ReSL has maintained attendance of more than 85% in all the Board Meetings.

## **Board Mandates**

As per Companies Act, 2013 under Section 165(1), a person cannot be a director in more than 20 companies at the same time. Furthermore, the limit for the number of public companies in which a person can be appointed as a director is restricted to 10. In ReSL, only Mr. Narayan K Seshadri is director in six listed companies whereas other Board members are directors in even lesser number of Companies.



## Emerging Risks

| Emerging Risk             | Global Trade Tensions   | Automation Transition Risk  |
|---------------------------|---|---|
| Description               | The geopolitical tensions can cause a rise in the cost of commodities such as diesel and liner, which are vital in our operations. This escalation can lead to an increase in operational costs, posing significant long-term risks to the business's financial health and operational efficiency.  | The implementation and wider adoption of Artificial Intelligence (AI) in waste management, specifically in waste sorting processes, represents an emerging risk. This involves a shift from traditional manual or semi-automated systems to AI-enabled smart systems.   |
| Potential Business Impact | The increase in commodities prices can strain the operational budget, potentially leading to reduced profitability. It may require the passing of increased costs to customers, which could risk customer satisfaction and retention. In addition, if costs continue to surge, it could potentially disrupt normal business operations and force the Organization to cut back on services or staff, impacting the overall business performance and growth.  | The transition towards AI could lead to significant short-term disruption in operations, require substantial financial investment for technology procurement, and require workforce up-skilling. Moreover, it may cause job displacement for those performing traditional waste sorting tasks. The risk also involves potential glitches and security vulnerabilities in AI-enabled systems, which could affect operational efficiency and data security.   |
| Mitigating Measures       | <ul style="list-style-type: none"> <li>• <b>Green Energy Initiatives:</b> ReSL started using Electric Vehicles (EVs). By investing in sustainable technologies and promoting their use, we aim to reduce reliance on conventional energy sources. This proactive approach not only aligns us with global sustainability goals but also ensures more predictability and control over our operational costs.</li> <li>• <b>Operational Efficiency:</b> Invest in technology or processes that increase operational efficiency, which can help offset the rising costs.</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Phased Technology Integration:</b> To mitigate operational disruptions and financial strain, a gradual integration of AI into waste sorting procedures is recommended. This would involve phased implementation of AI features, allowing for thorough testing and adjustment periods for staff before progressing to the next phase.</li> <li>• <b>Workforce Training and Support:</b> Investing in training programs is vital to equip the workforce with the skills needed to effectively operate the AI systems, which also addresses job displacement worries. Continuous technical support should be available to handle any potential difficulties during the AI transition process.</li> </ul> |

## IT Security Governance, Process & Infrastructure

- Mr. Santosh Reddy, Vice President – Information Technology, who reports to CEO is responsible for overseeing and implementing comprehensive cybersecurity strategies to protect the organization's IT infrastructure, data assets, and digital operations.
- We have a Business Continuity plan in place and test our business-critical systems at least once in a year. We also conduct third-party vulnerability analysis and penetration testing once in a year. Our IT infrastructure and information security management systems have been audited by external auditors. All our IT infrastructure and information security management systems have gone through comprehensive maturity assessment with reference to NIST and CIS framework. We intend to establish data protection rules for ReSL and certify the IT system with ISO 27001 by third party in



upcoming years. In case of any breach, disciplinary actions will be taken which may extend up to termination.

## Supply Chain Management

ReSL places significant emphasis on upholding sustainability values throughout our supply chain. We outline our rigorous screening based on a supplier code of conduct. This encompasses considerations of both ESG (Environmental, Social, Governance) criteria and vital business relevance areas. These areas include the supplier's manufacturing capabilities, financial strength (turnover, order book value, open order value), quality management system, as well as assets such as manpower and machinery. We also evaluate their commitment to Environment, Health, and Safety (EHS) and eco-friendly initiatives. We consider commodity-specific risk in screening critical suppliers. We reinforce our commitment to a sustainable supply chain through our regular half-yearly meetings and awareness sessions with both selected critical suppliers and internal stakeholders, ensuring effective communication and maintaining a mutually beneficial relationship.

## Social

Social factors evaluate how an organization manages its relationships with employees, suppliers, customers, and the wider community. These criteria focus on human rights, labour standards, and corporate social responsibility. It's about assessing the Organization's commitment to ethical practices and its socio-economic impact on society. We strategically plan and implement action items with measurable targets, focusing on improving our workforce's safety. We integrate robust plans for emergency situations, preparing our team to effectively handle any incidents and emergencies.

## Discrimination & Harassment

We emphasize the creation of a workplace that is devoid of all forms of discrimination and harassment. Along with a comprehensive policy against Sexual Harassment, it stands firm on not tolerating any discrimination of any kind, and this includes non-sexual harassment, paving the way for a respectful and dignified treatment of all our employees. The reinforcement of these principles is done through training of employees, focusing on different types of discrimination and harassment at work. These programs underscore the need for a diverse and inclusive workplace. In situations where discriminatory behaviour is identified, immediate corrective or disciplinary measures are taken to address the issues. With the goal of cultivating an environment where every person feels valued, safe, and empowered. ReSL strives to create a workplace enriched with equality and mutual respect.

## Human Rights Assessment and Mitigation Action

We have carried out a human rights assessment internally across all our operations, considering aspects such as minimum wages, working hours, child labour, forced labour, and sexual harassment. The assessment revealed no risks, demonstrating our commitment to upholding human rights in our organization. We submitted Compliance Certificate which is documented in Legatrix. To mitigate human rights risks at all our sites if any, we have implemented a comprehensive process encompassing several key initiatives:

- **Human Rights Policy Training:** We provide training to employees on our human rights policy, and ensure they understand the importance of respecting and promoting human rights in the workplace.
- **Diversity and Inclusion Awareness:** Our organization highly values diversity, and inclusion (D&I), routinely promoting awareness of our D&I policy. We actively encourage the representation of individuals with different abilities and LGBTQ+ community members amongst our team.
- **Employee Well-Being:** We prioritize the health and wellbeing of our employees. Facilities such as a crèche, resting rooms and various other well-being measures are in place to support our workforce.

- **Annual Appraisal Process Sessions:** To ensure transparency and comprehension in performance evaluations, we hold yearly sessions for employees on the appraisal process.
- **Open Communication with Leadership:** We promote candid conversations between employees and senior leadership, including the CXO's. These professional and personal interactions enhance interconnectedness and overall employee satisfaction.
- **Platform for Voicing Concerns:** We offer a secure platform for employees to voice concerns regarding potential violations of the Organization's principles and ethics without fear of repercussions. This commitment to upholding our standards forms a key part of our robust process to mitigate human rights risks.

### Employee Development Programs

| Name & Description of the program                  | Pollution control and Waste Management   | Leading Teams for High Performance   |
|--|--|--|
| Description of program objective/business benefits | The program engaged 200 employees across levels, covering waste regulations, pollution control, and environmental understanding and 50 participants received certifications.   | Leading Teams for High Performance was a three-day residential certification at Mahindra University, Hyderabad, and targeted honing leadership skills for top corporate performers from corporate support functions. The intensive curriculum covered qualities essential for guiding teams toward excellence, significantly advancing leadership development within our organization. |
| Quantitative impact of business benefits           | The number of improvements in planning and development of waste management and recycling infrastructure across different facilities of the organization, attributed to the awareness created by this program, are observed to be at least 10 | The leaders who participated in this program reported a notable improvement in team performance, with an average turnaround decrease by approximately 10%  |
| % of FTEs participating in the program             | 1.4  | 1  |

### Living Wage Commitment and Methodology

As a responsible organization, we committed to provide minimum wage and ensure compliance at every level of our operations. Our ambition is to evolve continuously, and by 2030, we aim to be in a position where a living wage is provided to all our employees. To achieve this, we intend to conduct comprehensive internal study, based on industry standards/methodology such as Fair Wage Network, by adhering with all applicable laws.

### Average Cost of Hiring

|                               | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|-------------------------------|------------|------------|------------|
| Average hiring cost/FTE (INR) | 7,500      | 9,400      | 10,300     |

## Environment

Environmental factors are a critical component of ESG criteria, focusing on a Organization`s interaction with the natural environment. This involves evaluating the Organization`s efforts in waste management, reducing carbon emissions, and promoting energy efficiency. It assesses how a business minimizes its environmental footprint and contributes to broader sustainability goals.

### EMS: Certification/ Audit/ Verification

As on March 31, 2023, a total of 31 sites have received ISO 9001:2015, 14001:2015, and 45001:2018 standard certifications. This certification underscores our commitment to quality, environmental management and occupational health and safety across our diverse business. These certified sites collectively represent approximately 60% of our total revenue. And we have conducted internal audit by certified internal auditors for the remaining sites. By adhering to these international standards, we prioritize sustainability, quality, workplace safety, and overall excellence in our business practices, ensuring a consistent and high-quality approach to quality, environmental and occupational health management across all our sites.

### Energy Consumption

Electricity purchased from the grid is the primary source of energy consumption at our units and in operations (including fleet). The sources of non-renewable energy at ReSL are diesel, coal, CNG, and furnace oil. In FY 2022-23, the use of renewable energy decreased due to less biomass usage in our operations, however there was an increased solar energy consumption.

|                                       | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|---------------------------------------|------------|------------|------------|------------|
| Non-Renewable Energy Consumption (GJ) | 6,37,047   | 6,95,687   | 8,20,370   | 983472     |
| Renewable Energy Consumption (GJ)     | 0          | 0          | 68,515     | 59,395     |

*Note: FY 2022-23 data includes international operations also*