



Environmental Social Governance (ESG) Policy/ Business Responsibility & Sustainability Reporting (BRSR) Policy

1. Preamble

- 1.1 This policy (hereinafter referred to as the "Policy") shall be called "ESG Policy/BRSR Policy" of Garden Reach Shipbuilders & Engineers Limited (hereinafter referred to as "GRSE" or the "Company").
- 1.2 The Company has clearly articulated its intent of being an admirable, inspirational and sustainable institution. Through its governance practices, the Company aims to conduct business in an ethical manner. The core values of Pride, Integrity, Discipline and Aspiration are embedded into the Company's working culture. These values guide the decision-making process, thus enabling all the employees to take ownership and responsibility for their individual actions.
- 1.3 Environmental, Social, and Governance (ESG) has gained increasing attention over the past few years, with many institutional investors investing only in those companies that provide ESG an important goal for organizations. Meeting Environmental, Social and Governance (ESG) criteria has become pressure on corporations to engage in more sustainable business practice, and investors are increasingly using ESG criteria to evaluate the companies in which they might want to invest or do business with.
- 1.4 ESG criteria create a framework for helping investors who want to incorporate personal values into their investment approach. The ESG screening process identifies companies that have built sound environmental practices, strong social responsibility tenets, and ethical governance initiatives into their corporate policies and everyday operations. ESG processes and procedures focus on non-financial performance indicators that address a company's approach towards responsible investment, sustainability, its impact on society and the environment, as well as other ethical and corporate governance considerations. The ESG analysis is sought as a measure of responsible investing, and goes beyond the traditional method of using only financial factors for evaluation of an investment or potential investment.
- 1.5 In terms of Regulation 34(2)(f) of the SEBI (Obligations and Disclosure Requirements) Regulations, 2015, the Company is mandated to include in its Annual Report a BRSR. Further, SEBI has made BRSR mandatory for top 1000 listed entities by market capitalization with effect from 2022-23. BRSR is an initiative towards ensuring that investors have access to standardized disclosures on ESG parameters. Access to relevant and comparable information will enable investors to identify and assess sustainability-related risks and opportunities of companies and make better investment decisions.



- 1.6 This policy outlines the Company's approach towards sustainability and ESG. It proposes to act as a guiding framework to manage the Company's environmental, social and governance impacts and risks as well as enable responsible financing oriented towards long-term value creation.
- 1.7 The policy shall come into effect from the date of approval of Board of Directors.¹

2. Objective

- 2.1. The objective of this Policy is to incorporate environmental, social and governance considerations into operations and business, mitigate material impacts and risks thereof and serve as a guiding document for the ESG initiatives and activities undertaken by the Company. The approach towards ESG integration includes development of a robust governance mechanism, implementation framework, systems for risk management and controls, incorporation of environmental and social considerations into the standard operating procedures of the Company's operations as well as communication and disclosure of ESG performance.

3. Key Principles

- 3.1. The BRSR/ESG is based on the 9 principles in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVG) issued by Ministry of Corporate Affairs (MCA). The guidelines state that the companies should not be just responsible but also socially, economically and environmentally responsible. Through such reporting, the guidelines expect that businesses will also develop a better understanding of the process of transformation that makes their operations more responsible. The NVG were further revised and the MCA formulated the 'National Guidelines on Responsible Business Conduct' (NGRBC). The said guidelines stipulated that: –

P1	–	Business should conduct and govern themselves with Integrity, and in a manner that is ethical, transparent and accountable.
P2	–	Businesses should provide goods and services in a manner that is sustainable and safe.
P3	–	Businesses should respect and promote the well-being of all employees , including those in their value chains.
P4	–	Businesses should respect the interests of and be responsive to all its stakeholders.
P5	–	Businesses should respect and promote human rights.
P6	–	Business should respect and make efforts to protect and restore the environment.
P7	–	Businesses, when engaging in influencing public and regulatory policy , should do so in a manner that is responsible and transparent.
P8	–	Businesses should promote inclusive growth and equitable development.
P9	–	Businesses should engage with and provide value to their consumers in a responsible manner.

* P = Principle

¹ Approved by the Board of Directors on 26 Mar 2024



The Company has adopted the aforementioned nine key principles of BRSR in accordance with the SEBI Regulations.

4. P-1 - Ethics, Transparency and Accountability

- 4.1. The Company believes in value-based governance and practices. It is committed to maintain the highest standards of ethics in all spheres of its business activities. The Board of Directors and senior management have a responsibility to set exemplary standards of ethical behaviour, both internally within the organization, as well as in their external relationships. The management shall constantly endeavor to inculcate this ethical behaviour at all levels in the organization so that it becomes an essential part of the work culture among all GRSE employees. Every employee of GRSE shall conduct himself and deal on behalf of the company with professionalism, honesty and integrity, while conforming to high moral and ethical standards.
- 4.2. All business decisions and transactions shall be fair, transparent, amenable to disclosure and be visible to relevant stakeholders. GRSE believes that transparency means explaining Company's policies and actions to those to whom it has responsibilities. Therefore, the Company shall ensure maximum appropriate disclosures without jeopardizing the Company's strategic interests. Internally, transparency means openness in Company's relationship with its employees as well as the conduct of its business in a manner that will bear scrutiny. The Company believes that transparency enhances accountability. Everything it does must stand the test of public scrutiny.
- 4.3. Empowerment is an essential component of the Company's principle of governance, which would provide the management, freedom to take the enterprise forward. Empowerment unleashes creativity and innovation throughout the organization by truly vesting decision-making powers at the most appropriate levels in the organizational hierarchy. The Board of Directors are accountable to the shareholders and Government, and the management is accountable to the Board of Directors. Each executive and employee are similarly accountable for the functions and responsibilities entrusted to him /her. GRSE believes that empowerment coupled with accountability, provides the impetus to performance and effective Corporate Governance.
- 4.4. The Company is committed to and supports the constitution and governance systems of the country. It shall not support any specific political party or candidate for political office. The Company's conduct shall preclude any activity that could be interpreted as mutual dependence favour with any political body or person, and shall not offer or give any Company funds or property as donations to any political party, candidate or campaign.



- 4.5. Employees at all levels shall put National interest, Public interest and the Company's interest above personal interest while discharging his/her duties and responsibilities and avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company. Illustrative cases of conflict of interest are:
- 4.5.1. Related Party Transactions: Entering into any transactions or relationship with the Company or its subsidiaries, if any, in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated).
 - 4.5.2. Outside Directorship: Accepting Directorship on the Board of any other Company that competes with the business of the Company.
 - 4.5.3. Consultancy/Business/Employment: Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties/responsibilities towards the Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the Company.
 - 4.5.4. Use of Official position for personal gains: Should not use their official position for personal gains.
- 4.6. GRSE employees shall not, directly or indirectly through their family and other connections, solicit or accept any personal fee, commission or other form of remuneration arising out of transactions involving the Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc. However, the Company and its employees may, with full disclosure, accept and offer gifts of nominal value, provided such gifts are customarily given and / or are of a commemorative nature.

5. P-2 - Safety and Sustainability of Goods & Services

- 5.1. The Company is engaged in the manufacture and supply of Warships, Vessels, Marine Engines, Bailey Bridges and allied equipment for Indian Armed Forces and other customers. While fulfilling its basic role as warship manufacturer, GRSE has also built-up in-house R&D capabilities primarily focused on Design & Engineering activities. The impact of all the operations on the Environment and Society must be clearly



understood by all employees responsible for these operations. The Company is committed to continuously improve its safety, sustainability and goods & services by the following points-:

- Minimizing the consumption of electrical energy, chemicals and natural resources.
- Minimizing environmental impacts of our operations, products and services.
- Encouraging use of renewable / replenishable / sustainable resources.
- Compliance to applicable legal requirements and other requirements related to environmental aspects.
- Prevention of pollution to air, water and land by using environment friendly chemicals and continuous reduction of hazardous material in the processes.
- Promotion and adoption of environmentally friendly and non-hazardous materials, components and processes in the design and manufacture of products.
- Providing detailed information to customers for handling the products and disposal of the products or any of their components like battery etc., after their useful life cycle.
- Setting, Maintaining and Monitoring the Environmental Objectives & Targets
- The goods and services that does not deplete resources.
- The goods and services which safeguard water, energy, less generation of waste at various stages of handling.
- Promoting Environmental and Safety Awareness among all the employees, vendors and contractors.

6. P-3 - Human Resources Development and Well-being of employees

6.1. The present global business scenario has metamorphosed the Human Resource Management (HRM) function to emerge from the erstwhile roles of control and direction to consensus and commitment. This means that the new agenda for the Human Resource Management function is to emerge as a champion for:

- Organizational transformation to global performance standards
- Aligning people with business strategy
- Culture building, mentoring, inculcating values and personality development for positive action with the objective of overall development of the employees and organization
- Delivering world class HR processes that develop leadership capability, organizational performance and strategic employee competencies.
- Focus on enhancing positivity, health and happiness of our employees
- Ensuring the wellbeing of employees at all levels



6.2. GRSE is committed to continue to take steps to promote a safe and conducive work environment for its employees and will provide guidance on occupational health and safety, appropriate healthcare benefits and medical cover to all its employees. GRSE - HR policy and procedures, thus address the following facets of HR:

6.2.1. HR as a Strategic Partner: Strategic HRM is the first process of linking HR function with the strategic objectives of the organization in order to improve performance. HR has to play the role of a business partner keeping in view the Company's Vision, Mission, strategic imperatives, stakeholders' interests, business objectives and the competitive environment.

GRSE being a highly technology driven Company, strategies are envisioned by cross functional teams representing Technology, Marketing and Research & Development and they deliberate on business issues faced by the Company. HR plays an active role in this process. This provides the much-needed multi-perspective insight.

6.2.2. Talent Attraction & Retention: Attracting and retaining talent involves many facets including competitive compensation package, employee engagement, career development and empowerment. HR function would provide the necessary environment to promote self-learning. HR would promote close-ended formal education; both classroom mode and e-learning mode, and practical courses for GRSE employees in collaboration with premier institutes. The knowledge so acquired by the individual by various modes should supplement individual domain expertise as well as blend with business goals of the Company. Employee training and mentoring would help in spreading and blossoming technical and managerial talent. These measures would reinforce GRSE as a learning organization.

Company-wide initiatives on Knowledge Management would help in domain expertise building. This facilitates exploiting capabilities of HR by going beyond the divisional boundaries and using company-wide capabilities depending on the contingent requirement. Competency Modeling has been carried out and integration of the HR systems with the Competency Model has resulted in effectively utilizing this capability of HR in the Company. Competency-based job rotations would add to the employee satisfaction and engagement.

6.2.3. Performance Management: The objective of GRSE Performance Management System (PMS) is to clarify each individual's roles, fix responsibilities and align individual's activities with organizational



objectives. Though the GRSE system provides avenues for objectively assessing performance, it is HR's role to strengthen the process and its implementation in the true spirit. Goal-cascading workshops with the participation of senior management could be an effort in this direction. PMS would be supplemented with developmental initiatives to streamline career growth & development.

- 6.2.4. Leadership Development and Change Management: The ultimate competitive advantage of an enterprise is its ability to grow and develop leaders faster than its competitor. The pace of change due to globalization, customer demands, technological innovation and information access demands that the Company go beyond strategy, structure and systems to purpose, process and people. HR would champion the change management initiatives of the Company enabling it to create a robust leadership pipeline and align itself to a global outlook.

GRSE has and identifying key bench strength for each critical role position, Readiness index of institutionalized the Succession Planning Process through Gap Analysis, identifying critical roles the successors based on Performance Management Systems and other criteria as per the succession planning of the Company. The vacancies of all critical posts as per succession plan are filled meticulously through regular incumbent with the internal talent pool and if required with outsiders in case internal talent pool is not available.

- 6.2.5. Employee Relations and Welfare: The Company has migrated from an era of industrial relations to employee relations. It respects the employees' right to freedom of association, participation and collective bargaining. Employees at all levels shall have freedom of association and be free to participate in collective bargaining through their recognized unions/associations. Workers participation in Management shall be governed by a well laid down policy framework. Works Committees, Safety Committee and Welfare Committees shall function in accordance with this policy and as per statutory requirements or as agreed with the recognized Unions. The Company shall also have adequate grievance redressal mechanisms. Employees at all levels shall have access to the grievance redressal mechanism. All employees will be paid timely salaries, wages, allowances and other benefits as per the statutory provisions and as agreed based on collective bargaining.

The Company shall provide a workplace environment that is safe, hygienic, humane, comfortable and which upholds the dignity of the employees. It



shall provide facilities for the wellbeing of its employees including those with special needs. The Company shall comply with all statutory provisions with regard to health, safety and wellbeing of its employees. Specific provisions contained in the Labour laws for ensuring health, safety, hygiene, comforts and wellbeing of employees shall be complied in letter and spirit.

It shall provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation. It shall not use child labour, forced labour or any form of involuntary labour, paid or unpaid. It shall create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities. Statutory provisions with regard to these aspects shall be fully complied. Government guidelines on reservation for sections such as SC/ST, OBC, EWS, differently abled, etc. shall be fully complied.

- 6.2.6. Equal Opportunity Policy: The Company shall provide equal opportunity to differently abled employees as per the requirements of the Rights of persons with Disabilities Act, 2016.

7. P-4 – Protection of Stakeholders’ Interest

- 7.1. GRSE values the support of its stakeholders and respects the interests and concerns they have towards it. GRSE and its employees shall provide value based services to the stakeholders.
- 7.2. GRSE shall have continuous engagement with its various stakeholders to understand their concerns and assess their requirements and respond to their needs in an effective manner.
- 7.3. GRSE is conscious of the impact of its policies, decisions, products and services and associated operations on the stakeholders and shall avoid such actions which adversely affect the health, safety and welfare of the stakeholders.
- 7.4. GRSE shall proactively engage with and respond to those sections in the society that are disadvantaged, vulnerable and marginalized. It shall also give special attention to stakeholders in areas that are underdeveloped.
- 7.5. GRSE shall resolve differences with stakeholders in a just, fair and equitable manner.



8. P-5 – Promoting Human Rights

- 8.1. The Company appreciates that human rights are inherent, universal, indivisible and interdependent in nature. The Spirit of Fundamental Rights and Directive Principles of State Policy of the Indian Constitution shall be imbibed in all GRSE policies and systems. The Company shall strive to adhere to the human rights laws and guidelines of the International Bill of Human Rights.
- 8.2. The Company shall integrate respect for human rights in management systems and ensure that all individuals impacted by the business have access to grievance redressal mechanisms.
- 8.3. The Company shall recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.
- 8.4. The Company shall, within its sphere of influence, promote awareness and realization of human rights across its value chain.

9. P-6 – Protection of Environment

- 9.1. The Company is committed to achieve the economic, ecological and social responsibility objectives of sustainable development through its varied business operations and activities. As an environmentally responsible company, GRSE is committed to manufacture and supply of Defence Products to Indian Armed Forces in environmental friendly manner, protect environment and prevent pollution of all types, fulfil its compliance obligations, conserve natural resources, continually improve to enhance environmental performance.
- 9.2. GRSE commits itself to take all necessary initiatives towards optimization and continual reduction in utilization of natural resources. The Company is committed to put efforts towards renewable resources to avoid depletion of natural resources.
- 9.3. The Company shall comply with all legal/regulatory requirements related to environment protection, management and sustainable development. The Company shall have regular monitoring programme to assess its performance of environment management and sustainable development. The Company shall identify hazardous process, assess its risk and determine appropriate control measures to minimize the impact on Environment.
- 9.4. Environmentally friendly processes/operations shall be given high priority while selecting or introducing any new process, operation or product or service. Efficient



processes shall be opted in order to minimize impact on environment. Energy efficiency shall be given high priority for selecting or changing over to new system to have less carbon emission initiatives.

9.5. The Company shall initiate environment management programmes to minimize impact on the environment. This shall be a continuous process. Introduction of cleaner technologies, elimination of hazards, complying with legal requirements and resource conservation, etc. shall be the impetus areas of Company's environment management programmes.

9.6. The Company shall promote customer awareness in environment management to minimize impact on environment during usage of the Company's products. The Company shall persuade and encourage its business partners to move towards environmentally friendly processes right from design to disposal. Apart from the above, the Company is committed to continuously improve its Sustainability and Environmental Management through processes defined below:

- Ensure the highest standard of Health & Safety in the workplace.
- Regularly set and review objectives and targets and ensure availability of information & resources to achieve the same for continual improvement in use & consumption of Energy, Work Environment, Health and Safety performance.
- Encouraging use of renewable/replenishable / sustainable resources.
- Prevent and reduce air, water, soil pollution, injury and ill health in the entire value chain of our products and services.
- Promotion & adoption of environmentally friendly practices.
- Setting, Maintaining and Monitoring the Environmental Objectives & Targets.

10. P-7 – Public and Regulatory Policy

10.1. As a Corporate Citizen, the Company understands its responsibility to function within the democratic set up and the constitutional framework. It recognizes that businesses operate within the specified legislative and policy frameworks prescribed by the Government, which guide their growth and also provide for certain desirable restrictions and boundaries. The Company and its employees would respect the legal/regulatory framework and shall comply with all the applicable provisions of existing local, state, national, and international laws. They shall also follow and obey the policies, procedures, rules and regulations relating to the business of the Company.

10.2. In case of any grievance with any legislative / regulatory mandates, it shall seek redressal of the same and resort to policy advocacy consistent with the principles and policies. Wherever necessary and to the extent possible, the Company shall seek policy



changes either through the Administrative Ministry to which it reports or through the trade and industry chambers and other such collective platforms.

- 10.3. The Company believes that policy advocacy must preserve and expand public good and thus shall never advocate any policy change to benefit itself alone or a select few in a partisan manner.

11. P-8 – Inclusive growth and equitable development

11.1. Vendor Development:

- a) Vendor development shall be taken up wherever the Vendor capabilities meet the requirements of manufacturing works.
- b) A policy for long term business with vendors shall be evolved based on the type of business, technology and product, etc.
- c) The Company shall provide Ancillary Industrial Estate or other facilities, wherever feasible and wherever capabilities exist among the vendors for effective utilization.
- d) In cases where the Company's Units are situated in eco-sensitive areas, care shall be taken to ensure employment of local skills with training as required.
- e) Outsourcing work shall be taken up in R&D projects, wherever the Intellectual Property of the Company is not compromised or diluted.

11.2. R&D Projects & New Technology Adoption:

- a) The development and well-being of people of the country depend largely on the economic state of the country. The economy in turn is powered by technologies that both provide effective governance as well as security to the country. Thus, Research & Development is a powerful tool for development of the country. The precious resources thus invested shall be effectively channelled to ensure that the required objectives are met. Hence R&D shall be initiated in projects of National interest proactively.
- b) Cooperation in projects involving National R&D labs like the DRDO, ISRO, Indian Startups etc. shall be given due prominence to ensure that projects of national importance are developed indigenously to minimize the dependence on foreign sources.
- c) Projects taken up shall ensure that while the stated objectives are met in full, there shall not be negative impacts on the societal front, in terms of RF emissions / leakages, radiations, hazardous material usage & disposal etc.



11.3. Procurement from MSEs:

The Company shall comply with the Public Procurement Policy for Micro and Small Enterprises (MSEs) notified by the Govt. of India, and accord priority for procurement from MSEs as stipulated therein, to the extent the policy is applicable to it as a Defence Undertaking.

12. P-9 - Value to Customers and Consumers

12.1. Value for Money: Systems shall be provided such that customer is able to utilize the products & services and realize best value for money by:

- a) Making best products and services available to the customers.
- b) Ensuring inter-operability between the Company's products as required and by providing suitable interfaces / inter-operability with products of other vendors which may be best in class.
- c) Ensuring international standards in design of products.
- d) Ensuring appropriate labels wherever harmful effects may be felt, example: High voltage, Electro-static discharges, Laser emissions etc.
- e) Ensuring correct documentation is provided appropriately such that the products and services are best utilized.
- f) Extending Performance Warranty and ensuring prompt after sales service.

12.2. Customer Relations Management:

- a) Effective Systems shall be provided for:
 - i) Registration of Customer complaints.
 - ii) Timely redressal of customer complaints.
 - iii) Making status on Customer Issues
 - iv) Periodic reporting to top management / concerned authorities on the status of all customer complaints with details of analysis.
 - v) Obtaining customer feedback on complaints.
- b) Customer satisfaction survey shall be conducted periodically to assess customer satisfaction.

12.3. Obsolescence Management:

Systems shall be provided for obsolescence management in the products supplied by the company to its customers.

13. General

13.1. This policy shall be subject to review/changes by the Board as may be deemed necessary and in accordance with regulatory amendments, from time to time.
