TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

FY 2025-26

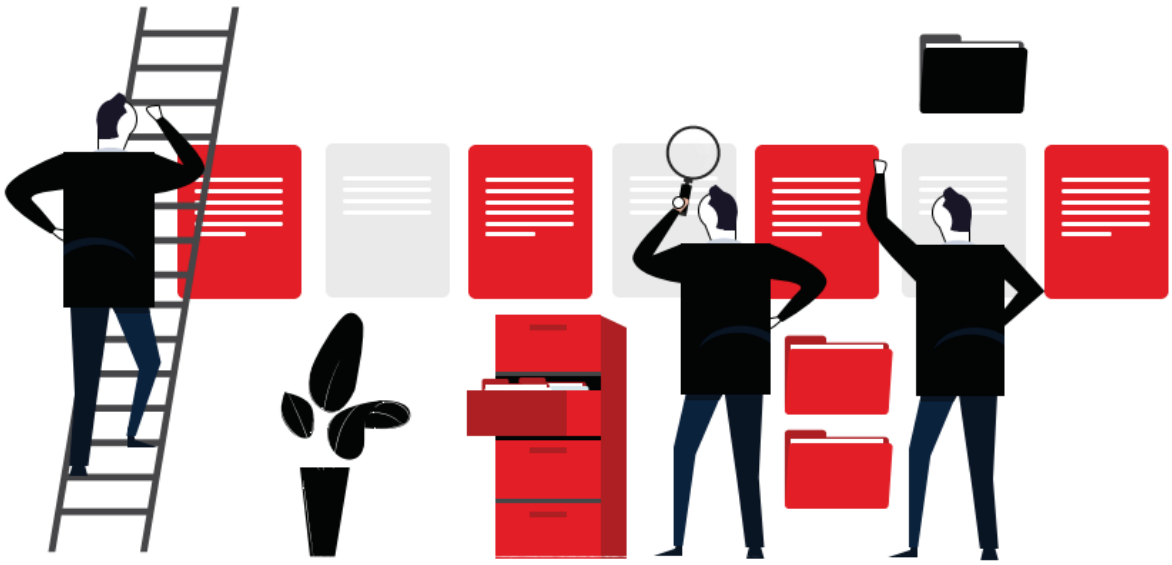


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1. About the Company

Re Sustainability Limited (ReSL), known as Re, is a leading integrated resource management and sustainability solutions company. With more than three decades of expertise, Re transforms environmental challenges into sustainable value by delivering integrated solutions across waste management, recycling and resource recovery, circular economy, and environmental services. By combining specialist teams, deep environmental expertise, integrated infrastructure, technology led capabilities, and operational excellence, Re advances circularity and creates lasting value for businesses, communities, and the planet.

Operating as one integrated platform, Re manages materials at scale and serves a diverse customer base, supported by experienced sustainability professionals. Its services include industrial services covering hazardous waste, wastewater and infrastructure operations; healthcare services covering biomedical waste and sanitary waste management; circular economy solutions encompassing e-waste and precious metal recovery, plastic recycling solutions, end-of-life vehicle management, construction and demolition waste management etc., and integrated sustainability solutions. Re operates in India, Singapore and the USA, serving clients from various sectors including oil and gas, steel and metals, power generation, manufacturing and industrial, construction and infrastructure, healthcare and pharmaceuticals, and automotive.

Re's strategy is built on three interconnected pillars that work in harmony to promote the well-being of people and the planet, while also driving business profitability. These core pillars are underpinned by a steadfast dedication to operational and digital excellence, which together fuel Re's continued growth and strengthen its role as a key driver of the circular economy.



Sustainability Impact @ Scale



Inclusion, Innovation, and Partnerships



Great Place to Work

2. About the Report

This report has been prepared in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). During FY 2025-26, Re Sustainability Limited underwent a corporate restructuring pursuant to a Composite Scheme of Arrangement. Under the Scheme, its Municipal Solid Waste (MSW), Waste-to-Energy (WtE), and certain international businesses were demerged from Re Sustainability Limited and transferred to a separate entity. Following the demerger, the climate-related assessment conducted earlier was reviewed, and the relevant scenario analyses were updated to reflect the facilities of the retained entity, Re, within its India operations. The report assesses the resilience of these facilities to physical and transition risks and evaluates the potential impacts of climate-related risks and opportunities associated with the transition to a low-carbon future.



Figure 1: Re presence in India

This report presents an overview of how evolving climate conditions may influence Re's operations and highlights the company's proactive measures to counteract these effects and maintain operational stability. Re continues to refine its approach as its awareness of environmental challenges grows, regularly revisiting and enhancing its strategies.

The organization recognizes the vital link between ethical business conduct and ecological well-being, understanding that climate dynamics play a crucial role in shaping its future. Although the central theme of this report revolves around Re's initiatives to manage industry specific risks both those arising from systemic shifts and those caused by direct environmental impacts the company is equally committed to tackling climate change at its origin. In pursuit of a more sustainable future, Re consistently implements initiatives and programs aimed at minimizing its environmental footprint.

3. About the TCFD

The Financial Stability Board (FSB) serves as a global organization that oversees and advises on the stability of the international financial landscape. To enhance transparency around climate-related financial risks, the FSB initiated the Task Force on Climate-related Financial Disclosures (TCFD), a group driven by industry experts. The TCFD aims to create reporting standards that help stakeholders grasp how climate risks and opportunities can influence financial performance.

The TCFD framework is built around four essential pillars that reflect key aspects of organizational functioning: governance, strategic planning, risk oversight, and performance indicators and goals. These foundational recommendations are complemented by specific climate-related disclosures, offering detailed insights that assist investors and other stakeholders in evaluating how companies identify and respond to climate-related challenges.



Governance*:* The organization's governance around climate-related risks and opportunities

Strategy*:* The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management: The processes used by the organization to identify, assess, and manage climate-related risks.

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Figure 2: Core elements of recommended climate-related financial disclosures

4. Governance

Re regards ethical governance, regulatory compliance, transparency and stakeholder accountability as foundations of sustainable value creation. Dedicated oversight at Board, corporate and operational levels support the implementation of climate and sustainability commitments, with defined responsibilities for decision-making, execution, monitoring and reporting.

Re's Board has ultimate oversight of the company's sustainability strategy, climate-related risks and opportunities, and long-term environmental objectives. The Board reviews whether material climate considerations are integrated into corporate strategy, risk management, financial planning and capital allocation, and monitors progress against approved goals and commitments.

The Board exercises climate oversight through a structured governance model supported by the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Environmental, Social and Governance (ESG) Committee, Executive Board Committee, and Risk Management Committee. Their respective mandates support oversight of controls and disclosures, remuneration and accountability, social and environmental commitments, strategic execution, and enterprise risk management.

The ESG Committee meets at least annually and additionally as required to review material sustainability and climate-related risks and opportunities, strategic priorities, performance against targets, implementation progress, and matters requiring escalation.

The ESG Committee coordinates with the Risk Management Committee and management to review mitigation and adaptation actions, performance indicators and targets. Significant matters are escalated to the Board and, where relevant, considered through budgeting, risk-management and other decision-making forums.

Positions/Committee	Responsibilities for climate-related issues
Board-level committee (ESG Committee)	• Oversees Re's sustainability agenda and climate-related risks and opportunities • Reviews ESG strategy, commitments, targets and performance • Escalates material climate matters to the Board
Board Members	• Leads oversight of sustainability goals and material climate risks • Promotes stakeholder engagement and transparent ESG communication • Integrates sustainability into strategic decisions
Managing Director and Chief Executive Officer (CEO)	• Oversees climate budgets, investments and low-carbon initiatives • Approves ESG objectives, incentives and performance expectations • Ensures company-wide ESG implementation and regulatory readiness • Integrates climate matters into strategy and business planning • Considers climate impacts in major transactions and capital allocation

Head - Sustainability	• Coordinates climate risk and opportunity assessments • Develops climate budgets and mitigation and adaptation initiatives • Implements the climate plan and tracks targets and performance • Engages business units and value-chain stakeholders

Table 1: Board level positions/committees and Management responsible for addressing climate-related issues

Climate related incentives

Our company is dedicated to promoting environmentally friendly practices through a comprehensive incentive program. We believe in rewarding our corporate executive team, business unit managers, and facility managers for their outstanding contributions to our climate-related objectives. The corporate executive team receives financial incentives for successfully increasing the adoption of low-carbon energy, reducing overall energy consumption, and encouraging investments in low-carbon research. Business unit managers play a crucial role, and we motivate them with monetary rewards for implementing effective emission reduction initiatives and enhancing energy efficiency. We also encourage them to promote the use of low-carbon and renewable source. Additionally, we incentivize them to boost revenue from low-carbon products and services. Employees are acknowledged for their proactive efforts in addressing climate-related challenges. We recognize their commitment to improving energy efficiency and reducing consumption across various facilities.

5. Strategy

Re's climate risk and opportunity assessment across time horizons

Re assesses climate-related risks and opportunities over short-term (up to 2030), medium-term (2030–2050) and long-term (beyond 2050) horizons, aligned with operational planning, capital investment cycles and the expected emergence of climate impacts. Physical risk analysis considers RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5, supported by SSP1-1.9, SSP1-2.6, SSP2-4.5, SSP3-7.0 and SSP5-8.5; NGFS Net Zero 2050, Nationally Determined Contributions, Fragmented World and Current Policies pathways; and Aqueduct Optimistic, Business-as-Usual and Pessimistic scenarios. Transition risk analysis considers the Announced Pledges Scenario and Divergent Net Zero scenario. These pathways enable comparison of lower-emission, intermediate and higher-warming outcomes.

Physical climate risks

Material physical risks include acute events such as tropical cyclones, extreme wind, heavy precipitation and riverine flooding, and chronic changes such as rising temperatures and heatwaves, water stress, coastal flooding and sea-level rise. In the short term, these hazards may disrupt operations, employee safety, utilities and supply chains; over the medium and long term, they may increase adaptation, insurance, maintenance and capital costs and affect the suitability of exposed sites. The findings inform site-level resilience measures, business continuity planning and future investment decisions.

Transition climate risks

Material transition risks include policy and regulatory, technology, market and demand, and reputational factors. In the short term, evolving disclosure, customer and compliance

expectations may increase operating requirements; in the medium term, carbon pricing, technology deployment and supply-chain changes may require additional investment; and in the long term, market shifts may affect demand, competitiveness and asset allocation. Re also identifies opportunities from resource recovery, recycled products, low-carbon services, renewable energy, energy efficiency and fleet electrification.

Climate actions and opportunities

Re's integrated resource-management capabilities create opportunities to expand circular-economy and low-carbon solutions, including material recovery, e-waste and precious-metal recovery, used-oil and plastic recycling, end-of-life vehicle management, construction and demolition waste recovery, wastewater management and integrated sustainability services. Growing customer demand for recycled materials, resource efficiency, regulatory compliance and decarbonisation support may enable new service offerings, capacity expansion, stronger customer relationships and access to sustainability-linked finance. Renewable energy, fleet transition, energy efficiency, digital monitoring and process optimisation also provide opportunities to reduce operating costs, improve resilience and strengthen long-term competitiveness.

The Confederation of Indian Industry conducted comprehensive energy audits at the Haldia, Gummidipoondi and Mumbai TSDF facilities, reviewing energy-consumption patterns and operational performance. The assessments identified energy-saving opportunities through no-cost, low-cost and investment-led measures. Re is evaluating the recommendations based on technical feasibility, savings potential and investment requirements for phased implementation, with progress and realised savings to be monitored through site-level energy-performance indicators and integrated into operational and capital planning.

Impact on Business, Strategy, and Financial Planning

Climate-related risks and opportunities influence Re's operations, services, supply chain, workforce planning, capital allocation and financial planning. Scenario analysis is used to test the resilience of the strategy at key decision points and to prioritise site upgrades, energy-efficiency measures, low-carbon technologies, business continuity actions and growth in circular-economy solutions. Under a 2°C or lower pathway, Re's strategy remains supported by resource recovery, renewable and low-carbon energy, fleet transition and efficiency initiatives, while requiring continued investment and monitoring of policy, market and technology developments. Under higher-warming pathways, greater emphasis is placed on adaptation, infrastructure resilience and continuity planning for exposed facilities.

Potential financial effects include higher compliance, energy, water, insurance, maintenance and adaptation costs; capital expenditure for resilient and low-carbon infrastructure; possible asset disruption or impairment; and changes in revenue from evolving customer demand. Climate risks are assessed through stakeholder inputs and the Enterprise Risk Management framework, with material matters considered in budgeting, investment appraisal and operational planning. Quantification is undertaken where reliable data and methodologies are available, with assumptions and uncertainties reviewed as the assessment matures.

Strategic opportunities include expanding recycled and upcycled products, increasing recovery of alternative fuels and raw materials, and developing services that support customers' circularity and decarbonisation objectives. Growing demand for construction products derived from construction and demolition waste, recovered sand and aggregates, and AFR may support capacity expansion and new facilities, subject to commercial viability, regulatory requirements

and capital approval. Re will periodically refresh the scenario analysis and use the findings to update strategic priorities, financial plans and resilience measures.

6. Risk Management

At Re, we view risk management as a strategic enabler for value creation. Our comprehensive approach involves systematically identifying risks, evaluating their business impact, prioritizing them, and implementing effective management and mitigation strategies. Physical risks are directly analysed using site-level exposure, scenario analysis and hazard categories reported by recognised public-domain tools and datasets, while transition risks scenario analysis are assessed using likelihood and impact criteria. We proactively address a broad spectrum of risks stemming from both internal and external environments, including business dynamics, economic shifts, regulatory changes, environmental challenges, and social factors.

We acknowledge the complexities of our operational landscape, which is shaped by intense market competition, rapid technological evolution, data privacy concerns, and unpredictable climatic conditions. To navigate these challenges, Re has instituted a robust, three-tier Enterprise Risk Management (ERM) framework. This framework, approved by the Risk Management Committee, provides a structured and strategic methodology for identifying and mitigating risks, thereby supporting our long-term resilience and sustainability objectives. Material climate risks are recorded through the ERM process, assigned to risk owners and escalated to the Risk Management Committee and Board-level governance forums according to their assessed significance.

Our ERM framework is designed to detect and respond to climate-related risks and opportunities across all operational sites. Risk governance is founded on three pillars: risk governance and oversight, risk infrastructure and management, and risk ownership. Our integrated approach to risk governance has enabled us to establish a strong governance mechanism to identify, assess and mitigate our most critical risks. Risk owners develop mitigation and adaptation actions, define timelines and responsibilities, monitor residual risk and report progress through periodic management and committee reviews. This framework spans multiple risk domains, including environmental, financial, reputational, regulatory, technology, legal, and business-continuity-related risks, ensuring a holistic approach across our operations, value chain, and geographic footprint.

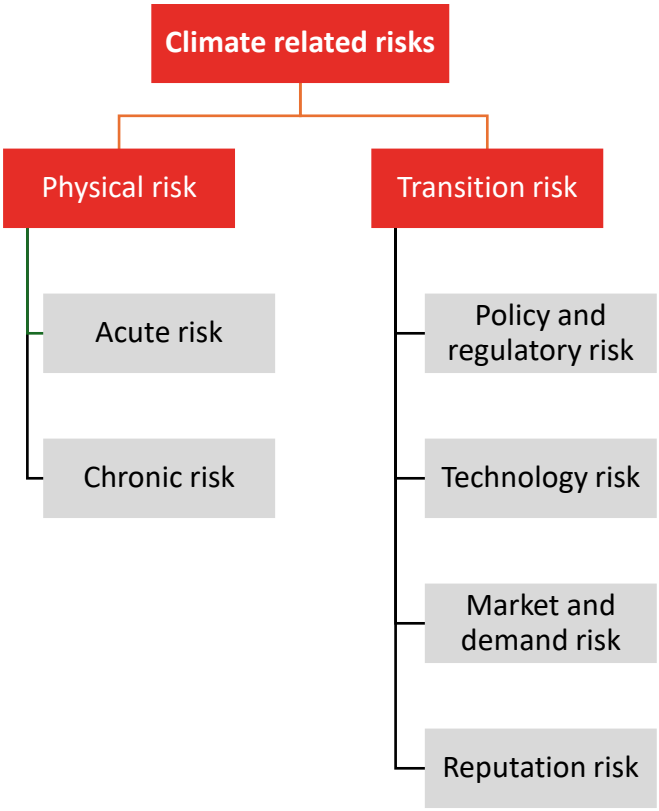
Physical-risk results are interpreted directly from the exposure and hazard categories produced by the selected public-domain tools, while transition risks are prioritised using likelihood and impact criteria. The assessment informs strategic planning, budgeting, capital allocation, business continuity and operational controls, integrating climate-related risk management into Re's overall ERM and decision-making processes.

Environmental, Social, and Governance (ESG) considerations are deeply embedded in our business strategy. Our ESG Committee plays a central role in upholding our commitments to stakeholders and driving sustainable value creation. This committee is responsible for shaping our ESG strategy, engaging with stakeholders, and ensuring transparent, timely, and accurate reporting of our sustainability efforts to the Board and other stakeholders.

Further reinforcing our dedication to sustainability and innovation, we have appointed a dedicated Head of Sustainability. This role underscores our commitment to embedding sustainable practices and fostering a culture of innovation throughout the organization.

Climate related risks

In line with the TCFD recommendations, Re directly analyses physical hazards using scenario outputs, site-level exposure and the categories reported by recognised public-domain tools and datasets across short-, medium- and long-term horizons. Transition risks are separately assessed using defined likelihood and impact criteria. The process covers existing and new operations and relevant value-chain dependencies.



Physical Risks Scenario analysis

Physical risks arise from sudden events and gradual shifts in climate patterns that may damage assets, disrupt operations or affect supply chains. The assessment reviews historical trends and forward-looking projections for temperature, precipitation, water scarcity and other relevant hazards to understand potential impacts on Re's facilities in India.

Acute physical risks are event-driven and include tropical cyclones, extreme wind, heavy precipitation, riverine flooding and drought. Chronic physical risks arise from longer-term changes, including rising temperatures and heatwaves, water stress, coastal flooding and sea-level rise. Re analyses location-level exposure to these hazards using the outputs and classifications provided by the selected public-domain tools and datasets.

The main goal of conducting scenario analysis in this report is to evaluate how our operations might be affected under various future climate conditions. This process helps us assess the resilience and adaptability of our business strategies. It involves exploring a range of hypothetical future scenarios, each based on specific assumptions and constraints.

Re uses baseline and forward-looking scenario analysis to identify physical risks across its sites and to inform strategic planning, business continuity, capital allocation and operational decision-making.

The analysis considered RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5, supported by relevant SSP pathways, NGFS scenarios and Aqueduct Optimistic, Business-as-Usual and Pessimistic scenarios. Current acute and chronic risks were assessed using Aqueduct, historical data from the India Meteorological Department and other recognised sources. Forward-looking projections were assessed for 2030, 2050 and 2080, as applicable to the hazard and source dataset. Sources include the World Resources Institute Aqueduct tools, the World Bank Climate Change Knowledge Portal, the Network for Greening the Financial System and the India Meteorological Department.

Physical risks impact, mitigation, and adaptation plans

Across short-, medium- and long-term horizons, Re analyses drought, tropical cyclones, extreme wind, heatwaves, heavy precipitation, riverine flooding, coastal flooding, water stress and sea-level rise. Site-level results are presented using the categories and outputs generated by the relevant public-domain tools and are used to inform appropriate mitigation and adaptation measures.

Business Impact

Various physical climate risks can significantly affect business operations and infrastructure. Droughts may result in stricter regulations on groundwater usage and drive up the costs of essential resources like water and electricity. Tropical cyclones can severely disrupt supply chains, halt operations due to power outages, and cause infrastructure damage that may even lead to data loss. High wind events pose threats to business continuity by affecting productivity and increasing the likelihood of wildfires, especially in arid regions. Heatwaves can lead to higher cooling and water procurement costs, while also impacting employee health and safety, thereby reducing productivity. Heavy rainfall can damage buildings and infrastructure and interfere with energy production from both renewable and non-renewable sources. Flooding from rivers and coastal areas can disrupt electricity supply, damage assets, and result in significant cleanup expenses. In regions facing water stress, businesses may encounter increased costs for water sourcing and face limitations on groundwater extraction. Lastly, rising sea levels pose long-term threats, including the potential for permanent closure of coastal facilities, increased operational expenses, habitat degradation, and elevated costs for recovery and maintenance.

Mitigation Plan

To address the physical hazards identified through the scenario analysis, Re considers site-relevant mitigation measures based on the exposure and classifications reported by the selected tools. Measures include treated wastewater reuse, rainwater harvesting and groundwater recharge for drought and water stress; reinforcement of vulnerable structures and regular data backups for cyclones and extreme wind; cooling optimisation and green spaces for heatwaves; drainage improvements and elevated electrical panels for heavy precipitation; and infrastructure upgrades, insurance and flood-protection measures for riverine and coastal flooding and sea-level rise. Implementation of relevant measures is monitored through periodic operational and management reviews.

Adaptation Plan

Re's adaptation strategy supports resilience and business continuity across existing and new operations, with actions prioritised according to risk significance, site vulnerability and implementation feasibility and relevant measures intended for implementation within five to ten

years. Measures include real-time water monitoring and alternative water sources; business continuity, disaster recovery and emergency response plans for cyclones and extreme wind; heatwave preparedness procedures and employee awareness; early-warning systems and temporary flood barriers for heavy rainfall and flooding; smart water monitoring in water-stressed locations; and evacuation planning, emergency supplies and long-term protection for facilities exposed to sea-level rise. Material risks and delayed actions are escalated through the ERM process to the Risk Management Committee and relevant Board-level forums.

Transition Risks Scenario analysis

Transition risks are classified as policy and regulatory, technology, market and demand, and reputational risks. Re assesses these risks under the Announced Pledges and Divergent Net Zero scenarios using likelihood and impact criteria for 2030 and 2050. The assessment compares how the significance of each transition risk may evolve under different policy and market pathways. The results support risk prioritisation and inform mitigation actions, investment planning and periodic review through Re's enterprise risk-management process.

Transition risks – Business impact, mitigation actions, and Opportunities

Policy & Regulatory Risk

Business impact:

The introduction of new or more stringent environmental laws, carbon taxes, emissions trading systems, and product-specific carbon requirements can expose businesses to significant financial and operational risks. These regulatory shifts may lead to increased compliance costs, operational delays, or the need for substantial investment in cleaner technologies. Additionally, changes in permitting processes could impact project timelines and approvals. The unpredictability of carbon markets and evolving standards further adds to financial uncertainty. Failure to comply with these regulations or to adapt swiftly may result in penalties, reputational damage, and diminished investor trust, ultimately affecting long-term business sustainability and competitiveness**.**

Mitigation action:

To manage evolving environmental regulations and climate-related requirements, Re implements targeted mitigation measures. These include investment in material-recovery facilities; digital monitoring of air emissions, waste segregation and resource use; strengthened compliance controls; employee training; and engagement on relevant regulatory developments. Regulatory risks and actions are tracked through responsible functions and escalated through the ERM process where material.

Opportunity:

At the same time, these challenges present significant opportunities. The global shift toward sustainability has opened new markets for circular economy solutions, including recycling, upcycling, and sustainable packaging. Voluntary participation in carbon markets, such as the Indian Carbon Market (ICM), not only will prepare businesses for future regulations but will also provide a competitive edge through offsetting residual emissions. Companies that proactively align with ESG frameworks and carbon reduction goals can attract green investments, enhance brand reputation, and secure long-term contracts with environmentally conscious clients. Adhering to stringent emission regulations in major trading partner countries can enhance market access, while programs such as green credit, combined with robust EPR compliance, have the potential to increase business growth. Lastly, the growing demand for greener alternatives

like AFR provides an opportunity to increase reliance on the company's services, while regulatory compliance enhances the overall reputation and opens potential growth opportunities in an evolving regulatory environment.

Technology Risk

Business impact:

The adoption of low-carbon technologies can introduce financial and operational uncertainties. These may include increased capital investments, project delays, budget overruns, and the risk that new technologies may become obsolete due to rapid advancements. Additionally, the development of innovative recycling methods often involves high research and development costs and may initially result in elevated emissions. On the digital front, transitioning to smart waste management systems and digital platforms brings its own set of challenges, such as maintaining customer satisfaction, ensuring consistent revenue streams, managing platform development and upkeep, and addressing cybersecurity vulnerabilities. These factors must be carefully managed to ensure a smooth and secure transition toward more sustainable and efficient operations.

Mitigation action:

To manage financial and operational risks from low-carbon technologies, Re uses phased investment and pilot testing to assess feasibility and scalability before wider deployment. Partnerships with technology providers and research institutions support access to innovation and help reduce obsolescence risk. Project controls, contingency planning, cybersecurity safeguards, system audits and employee training support delivery, data protection and operational adoption. Technology risks are reviewed against investment gates, performance criteria and residual risk.

Opportunity:

Adopting low-carbon technologies offers significant opportunities for business. These innovations can help differentiate businesses in a competitive market by showcasing environmental leadership and commitment to sustainability. They contribute to lowering greenhouse gas emissions, enhancing material recovery processes, and promoting efficient resource utilization, all of which align with growing market demand for eco-friendly practices. Such technologies also support the reduction of landfill dependency and help cut down Scope 1 emissions. On the digital front, embracing digitization can streamline operations, reduce turnaround times, and lower operational costs. Enhanced digital platforms improve customer experience and trust, while secure, direct payment systems cater to tech-savvy clients, boosting convenience and competitiveness. Together, these advancements not only support environmental goals but also create long-term economic value and operational resilience.

Market & Demand Risk

Business impact:

The growing emphasis on sustainability and transparency from global investors and financial institutions is placing increased pressure on businesses, potentially leading to higher resource and capital expenditures. At the same time, climate-related disruptions and reliance on carbon-intensive suppliers can strain logistics, elevate operational costs, and contribute to higher Scope 3 emissions factors that may negatively impact a company’s reputation and investor confidence. Additionally, rising energy prices, coupled with the adverse effects of climate change on workforce

health and productivity, can further drive-up operational expenses and intensify challenges in attracting and retaining skilled labour.

Mitigation action:

These risks can be effectively managed through the implementation of targeted sustainability strategies, diversification of operations, and periodic reassessment of project portfolios to align with evolving environmental expectations. Collaborating with international institutions can also facilitate smoother integration of emerging sustainability frameworks. Strengthening partnerships with vendors and enforcing green procurement policies can enhance environmental performance and help reduce the overall ecological footprint. Transitioning to renewable energy sources and improving energy efficiency, can help offset rising financial pressures. Additionally, embracing automation can reduce reliance on manual labour, address workforce shortages, and improve service delivery, while also enabling the upskilling of employees to enhance productivity and well-being.

Opportunity:

These challenges also present valuable opportunities for growth and innovation. By adopting sustainable practices, companies can access green financing options such as green bonds and sustainability-linked loans, while also minimizing exposure to future carbon pricing mechanisms. Strengthening supply chain transparency and resilience not only enhances investor trust but also provides a strategic edge in competitive markets. The upward trend in energy costs can act as a catalyst for increased investment in affordable, eco-friendly energy alternatives. Moreover, fostering a diverse and inclusive workforce can lead to improved productivity and innovation, while the integration of automation technologies can help address labour shortages and enhance operational efficiency in the waste management sector.

Reputation Risk

Business impact:

Re's brand reputation is increasingly linked to delivery against its sustainability commitments. Failure to meet stated goals or recognised standards may attract stakeholder criticism, reduce customer and investor confidence, affect talent attraction and retention, and weaken long-term competitiveness. Reputational risks are monitored through performance tracking, stakeholder feedback and disclosure controls.

Mitigation action:

To mitigate risks related to brand value erosion from unmet sustainability commitments, companies should establish clear, measurable, and achievable sustainability goals. Regular monitoring and transparent reporting of progress can build stakeholder trust and demonstrate accountability. Engaging stakeholders including investors, customers, and employees through consistent communication and sustainability updates helps reinforce credibility. Integrating sustainability into core business strategy and decision-making ensures long-term alignment and reduces the risk of reputational damage. Proactive compliance with evolving regulations and third-party audits can further safeguard brand reputation and maintain competitive positioning in the market.

Opportunity: Effectively managing reputation-related risks allows companies to demonstrate resilience, build trust, shape positive stakeholder perceptions, and strengthen their long-term competitiveness and success.

Scenario mapping - Transition risks

Risk mapping for transition risks is carried out under two key climate scenarios: the Announced Pledges Scenario (APS) and the Divergent Net Zero (DNZ) scenario. The APS assumes that all climate-related commitments made by governments and industries globally up to March 2025 such as Nationally Determined Contributions (NDCs), net-zero targets, and goals for universal access to electricity and clean cooking, will be fully achieved on schedule. In contrast, the DNZ scenario envisions reaching net-zero emissions by around 2050, but at a higher cost due to inconsistent and fragmented policy implementation across sectors, resulting in a more abrupt and costly transition.

Likelihood criteria

Rating	Description
Very high	High likelihood of risk event occurring
High	Risk events are likely to occur
Medium	Some likelihood of risk event occurring
Low	Risk event could occur
Very low	Risk events are highly unlikely to occur

Impact criteria

Rating	Description
Catastrophic	Loss of ability to sustain ongoing operations
Major	Significant impact on the ability to achieve corporate strategies and business objectives
Moderate	Moderate impact on the ability to achieve corporate strategies and business objectives
Minor	Disruption to operations with a limited impact on the ability to achieve corporate strategies and business objectives
Insignificant	No material impact on the ability to achieve corporate strategies and business objectives

Carbon pricing mechanisms are expected to carry a high to very high likelihood under both scenarios, with the potential for severe financial consequences. Similarly, new regulations and standards are projected to rise from high likelihood and moderate impact in 2030 to very high likelihood and major impact by 2050 across both scenarios. The risk of litigation under DNZ is anticipated to grow from high likelihood and moderate impact in 2030 to very high likelihood and major impact by 2050, while under APS, it increases from moderate likelihood and minor impact to high likelihood and moderate impact.

Emerging recycling technologies present a high likelihood but minor impact by 2030, escalating to very high likelihood and moderate impact by 2050 under DNZ. These risks remain consistent under APS, though the impact stays minor. Digitization risks follow a similar trajectory in both scenarios, increasing from moderate to high likelihood, with impacts ranging from minor to moderate by 2050.

Under the Divergent Net Zero (DNZ) scenario, the risk of shifting investor and financial institution expectations is projected to grow significantly from a moderate likelihood with minor impact by 2030 to a very high likelihood with major consequences by 2050. In contrast, under the Announced Pledges Scenario (APS), this risk starts with low likelihood and minor impact, gradually increasing to moderate likelihood and impact by 2050. Market risks related to sustainable supply chains also intensify under DNZ, rising from moderate likelihood and impact in 2030 to high likelihood and major impact by 2050. Under APS, these risks remain lower, starting with low likelihood and minor impact, and reaching moderate levels by mid-century.

The cost of energy and labour under DNZ is expected to escalate from moderate risk in 2030 to high likelihood and major impact by 2050, while under APS, it progresses more gradually from low to moderate risk over the same period. The adoption of low-carbon technologies under DNZ shows a moderate likelihood and impact by 2030, increasing to high likelihood and major impact by 2050. Under APS, this risk remains low until 2030, then rises to moderate levels by 2050.

Lastly, reputational risks tied to brand value are expected to be more pronounced under DNZ, with high to very high likelihood and impacts growing from moderate in 2030 to major by 2050. Under APS, these risks are somewhat lower, ranging from moderate to high likelihood, with impacts increasing from minor to moderate over the same period.



7. Financial Impact Analysis

Re evaluates the potential financial effects of material climate-related risks and opportunities to support strategic planning, capital allocation and risk management. The assessment considers potential impacts on operating expenditure, capital requirements, asset resilience, workforce productivity, business continuity and revenue under selected physical and transition scenarios, using available operational data and credible external assumptions. Estimates are presented on a gross basis before mitigation, unless otherwise stated, and represent scenario-based exposures rather than forecasts, as actual outcomes will depend on future climate conditions, regulation, carbon prices, business growth and the effectiveness of management actions.

Significant climate-related financial risks

Regulatory risk - carbon pricing: Re has identified the potential introduction of carbon pricing mechanism as a transition risk mitigation measure. Currently, Re's operations in India are not subject to mandatory carbon emissions reduction obligations under the Indian Carbon Market or a comparable carbon-pricing mechanism. However, Re proactively implements emissions reduction measures and supports the transition towards a low-carbon economy. The assessment uses Re's baseline Scope 1 and Scope 2 emissions, emissions-intensity reduction target and projected waste-handling growth to estimate future emissions exposure. Under the Business-as-Usual scenario, applying a central shadow carbon price of US$21/tCO$_2$e, equivalent to approximately ₹1,995/tCO$_2$e at an assumed exchange rate of ₹94.99 per US dollar, results in an estimated gross FY 2040 carbon cost of approximately ₹206.48 crore in the absence of mitigation. Re manages this potential exposure through renewable energy, energy efficiency, fleet transition and operational improvements. The estimate represents a gross scenario based exposure and excludes the potential effects of future regulatory thresholds, free allowances, offsets and mitigation benefits. In FY 2025–26, capital expenditure of ₹618 crore *(including expenditure relating to the demerged segment)* was invested in infrastructure development to advance sustainable business activities.

Physical risk - heat stress: Re has identified heat stress as a physical climate risk that may affect workforce health, productivity and operational continuity at exposed facilities. The assessment covers heat-exposed employees and applies relevant assumptions relating to labour costs, working patterns and the duration of heat exposure. Based on these inputs, the annual labour cost of the exposed workforce is estimated at approximately ₹20 crore. Applying an assumed productivity reduction of 6%, the potential financial impact before action is estimated at ₹1.2 crore per year. Re has estimated adaptation expenditure of ₹3 crore over the short-term assessment horizon of five years for cooling infrastructure, drinking-water provision, personal protective equipment and clothing, shaded rest areas, shift management and awareness, and medical monitoring. These measures are expected to reduce workforce exposure and minimise the potential financial impact. The assessment methodology, assumptions, workforce exposure and response costs will be reviewed periodically, with implementation and effectiveness monitored through workforce health, heat-related incidents, productivity and adaptation-action indicators

Financial Opportunity

The growing demand for recovered resources, recycled materials, and upcycled products is creating new opportunities for ReSL to expand its operations. This trend supports the establishment of new facilities or the scaling up of existing ones. With the rise in green and sustainable buildings, there has been a steady increase in the demand for recycled construction products such as paver blocks and kerb stones made from C&D waste. Additionally, recovered

sand and aggregates from C&D waste are increasingly being used in construction, particularly for non-load-bearing applications. Furthermore, with stricter regulations mandating the use of Alternative Fuels and Raw Materials (AFR) in industries like cement manufacturing, there is a growing demand for ReSL to scale up its production of AFR. This regulatory push is paving the way for the development of additional facilities to meet the rising demand.

8. Metrics and Targets

Re monitors climate performance through GHG emissions, emissions and energy intensity, renewable energy capacity, energy-efficiency initiatives, fleet transition, diesel consumption and resource recovery metrics. The FY 2025–26 emissions inventory for India operations is presented below, followed by the company's climate and energy targets.

FY 2025–26 GHG emissions performance

Emission Category	Unit	FY 2025–26
Scope 1	tCO_2e	5,95,055
Scope 2 (Location-based)	tCO_2e	13,664
Scope 2 (Market-based)	tCO_2e	12,952
Scope 3	tCO_2e	1,53,099
Biogenic	tCO_2e	18,028

GHG Emissions – India Operations, FY 2025–26

Climate and energy targets

- Reduce GHG emissions (Scope 1 and 2) intensity by 30% by FY 2040 compared to FY 2023 baseline
- 75% of fleet to be electric vehicles by 2030
- Implement third-party energy-audit recommendations across all major sites by 2030
- Additional 5 MW of solar power capacity by 2030
- Process 1 million tons of waste as alternate fuel or raw material by 2030

