

ESG Rating Rationale

Adani Energy Solutions Limited	Rating Symbol*	Rating Score	Rating Action
ESG Rating	CareEdge-ESG 1+	86.8	Assigned

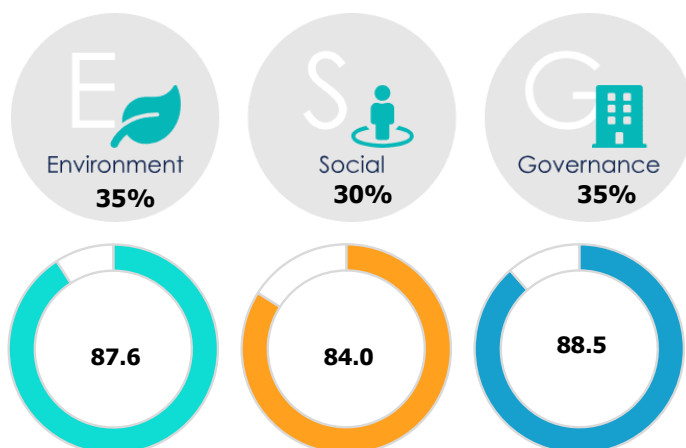
* Please refer www.careedgeesg.com for detailed understanding of CareEdge-ESG's rating symbols and definitions.

Leadership position in managing ESG Risk through **best-in-class** disclosures, policies, and performance

ESG Score

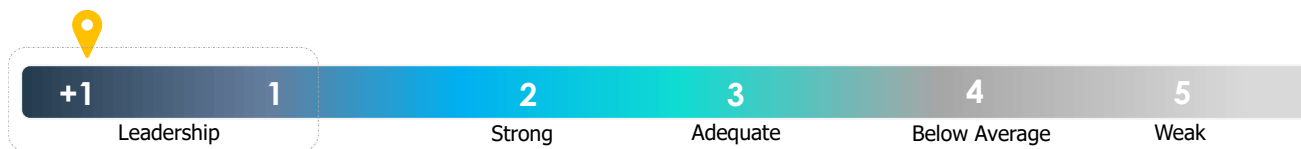


Pillar Weights & Scores



Data Transparency Level: **High**
 Data Reporting Boundary: **Consolidated**
 Overall Transition Pathway Trajectory: **Leadership**
 Environment Transition Pathway Trajectory: **Leadership**
 Social Transition Pathway Trajectory: **Leadership**

Rating Scale



Please note: all scores mention in this document are on the scale of 0 – 100

CareEdge-ESG Rating Assessment Criteria



India & globally aligned



Physical risk evaluation



Comprehensive analysis

AESL's Policy Analysis



Comprehensive



Board approved



Regularly reviewed

AESL's Initiatives Impact



Mitigation



Resilience

ESG Disclosures

BRSR Report	2024-25	2023-24	2022-23
Sustainability Report	2024-25	2023-24	2022-23
CDP disclosure	2024-25	2023-24	2022-23
TCFD	2024-25	2023-24	2022-23

Rating Rationale

The ESG rating assigned to Adani Energy Solutions Limited (AESL) reflects the company's structured approach to managing environmental, social, and governance risks across its operations. AESL is one of India's largest private sector power transmission and distribution companies and plays a significant role in strengthening energy infrastructure and enabling the integration of renewable energy into the national grid. The rating considers the company's sustainability initiatives, ESG governance framework, operational performance indicators, and transparency in disclosures. From an environmental perspective, AESL integrates sustainability considerations into its infrastructure development and operational strategy. The company focuses on improving energy efficiency, minimizing environmental impacts, and supporting the transition toward cleaner energy systems through the development of green transmission infrastructure. AESL continues to expand transmission networks that facilitate the evacuation and integration of renewable energy into India's electricity grid.

The company has invested significantly in green transmission and distribution infrastructure to enhance grid reliability and support renewable energy access. For instance, AESL has invested approximately USD 4.5 billion in green transmission and distribution projects aimed at strengthening grid connectivity and improving the supply of green electricity across key regions. The company also demonstrates a structured approach to environmental management across its operations. AESL reports that 100% of electrical waste generated during installation and operational activities is recycled, reflecting its focus on responsible waste management and circular resource practices. In addition, the company has established a Biodiversity Policy with the objective of achieving *No Net Loss of Biodiversity* across its operational footprint. AESL conducts biodiversity assessments and ecological mapping at project sites to identify environmental sensitivities and mitigate potential impacts. Where projects involve forest land diversion, the company undertakes compensatory afforestation and other environmental mitigation measures to ensure compliance with regulatory requirements and environmental protection standards.

On the social dimension, AESL places strong emphasis on employee welfare, occupational health and safety, and community engagement. The company provides employees with health and accident insurance coverage, retirement benefits such as provident fund and gratuity, and employee assistance programs designed to support workforce wellbeing. AESL has also implemented digital health monitoring systems through the Adani Emcare platform, enabling employees to access medical records, healthcare services, and insurance support. These initiatives are complemented by broader wellbeing programs under the Adani Care initiative, which offer counselling services and resources to address both physical and mental health concerns. Workforce stability indicators also reflect relatively steady employee retention levels. During FY25, AESL reported a permanent employee turnover rate of approximately 15%, while the turnover rate for the permanent workforce stood at approx. 9%. AESL also undertakes community development initiatives through its Corporate Social Responsibility (CSR) programs, primarily implemented through the Adani Foundation. The company's CSR initiatives address community needs across areas such as education, healthcare, rural infrastructure, livelihood development, and women empowerment. These programs are developed through stakeholder engagement processes involving local communities and regional authorities. According to company disclosures, AESL's CSR initiatives collectively support more than 500,000 families across India, demonstrating a significant outreach and contribution toward community development.

From a governance perspective, AESL maintains a structured governance framework supported by established board committees, defined ESG oversight mechanisms, and enterprise risk management systems. The company has implemented a formal ESG governance structure and integrates sustainability considerations into its strategic and operational decision-making processes. Board-level committees oversee key governance functions, including risk management, audit, remuneration, and stakeholder engagement, ensuring accountability and regulatory compliance.

Despite its strong ESG framework, certain areas present opportunities for further enhancement. As a transmission and distribution utility, AESL has limited direct control over the carbon intensity of electricity generation, which depends largely on the broader power sector energy mix. To this effect, the company has observed a marginal increase in Scope 2 emissions intensity per INR crore of turnover in FY26 (9M) compared to FY25, with levels in both periods remaining above the industry median, indicating relatively higher indirect emissions. From a social perspective, women’s representation in senior management remains an area for continued focus to enhance leadership diversity, while the rise in employee turnover indicates an opportunity to further strengthen workforce engagement and retention initiatives.

Environment Score



Transition Pathway Trajectory
Leadership

The power transmission, distribution, and smart metering sector has a distinct environmental interface. This arises primarily from emissions linked to grid operations and electricity losses, energy use across substations and network infrastructure, and potential land-use and biodiversity impacts associated with the development and expansion of transmission corridors.

Consequently, this pillar carries a substantial weight of 35% for the sector.

With an environmental score of 87.6, Adani Energy Solutions Limited (AESL) ranks in the top quartile amongst its industry peers, demonstrating strong performance across key environmental areas.

AESL demonstrates a structured and policy-driven environmental management framework, with clear evidence of progress across climate strategy, renewable energy integration, resource efficiency, biodiversity conservation, and environmental compliance. The company’s environmental performance reflects increasing alignment with sustainability objectives as it expands transmission and distribution infrastructure supporting India’s energy transition. AESL maintains several environmental policies that

guide operational practices across its transmission and distribution activities. These include policies addressing climate change mitigation, water conservation, waste management, biodiversity protection, and responsible resource utilization. Environmental considerations are integrated into project planning and operational processes to ensure that infrastructure development and electricity distribution activities minimize ecological impacts. The company reports compliance with key environmental regulations in India, including the Air (Prevention and Control of Pollution) Act, the Water (Prevention and Control of Pollution) Act, and the Environment Protection Act. Environmental management systems aligned with ISO 14001 standards have been implemented across operational facilities to support systematic monitoring of environmental performance, resource consumption, and regulatory compliance. Environmental monitoring procedures include tracking emissions, energy use, water consumption, and waste generation. These systems help identify potential environmental risks and support corrective actions where required. Climate change mitigation is a central component of AESL's environmental strategy. The company has established a decarbonization pathway supported by emission reduction targets and increased renewable energy integration. AESL has committed to reducing its greenhouse gas emission intensity by 72.7% by FY31 compared with its FY19 baseline. This target reflects a focus on improving operational efficiency, reducing emissions associated with electricity distribution and infrastructure operations, and increasing the use of renewable energy. In the current year, AESL has achieved a reduction of approximately 45% in its GHG emissions compared to the baseline. Further, in FY26 (9M) the company reported a Scope 1 emissions intensity of around 0.08 tCO_{2e} per INR crore of turnover, significantly lower than the sector median of 0.77 tCO_{2e} per INR crore of turnover. This metric reflects the emissions generated from direct operational activities related to economic output. Similarly, the company reported Scope 2 emissions intensity per INR crore of turnover of approximately 17.96 tCO_{2e}, compared with the sector median of 4.58 tCO_{2e}. Scope 2 emissions intensity is influenced by operational electricity consumption and the carbon intensity of the electricity grid supplying the company's infrastructure. The company has also articulated a long-term ambition to achieve net-zero emissions by 2050, aligning its environmental strategy with global climate transition pathways. AESL plays a key enabling role in the energy transition through the development of large-scale transmission infrastructure designed to support renewable energy evacuation. These transmission networks connect renewable energy generation projects-particularly solar and wind installations-to electricity demand centers across India. Within the Mumbai electricity distribution network operated by AESL, the share of renewable energy in the electricity supply mix has increased significantly in recent years. Renewable energy currently accounts for approximately 60% (with REC)

of the electricity supplied within the Mumbai distribution area, reflecting progress toward the company's renewable energy integration targets.

The company has also implemented digital grid management technologies such as smart metering infrastructure, grid automation systems, and Advanced Distribution Management Systems (ADMS). These technologies improve operational efficiency, optimize electricity flows, and reduce technical transmission losses across the network. A defining characteristic of AESL's environmental positioning is its role as an infrastructure provider that enables renewable energy integration rather than directly generating electricity. Through its transmission and distribution networks, the company facilitates the movement of renewable electricity from generation hubs to urban and industrial consumption centers. AESL has committed significant capital investments toward expanding renewable-aligned transmission infrastructure. The company has announced investments of approximately USD 4.5 billion in transmission and distribution infrastructure supporting renewable energy integration. Approximately 17% of its total capex is dedicated towards smart grid upgradation. These investments include projects designed to establish renewable energy corridors capable of transmitting electricity generated from solar and wind resources in remote areas to major consumption markets. In addition to enabling renewable energy transmission, AESL has taken steps to reduce exposure to carbon-intensive assets. The company has divested its sole thermal power plant at Dahanu with effect from 26 September 2024, thus reflecting a strategic shift toward focusing on transmission and distribution infrastructure aligned with the clean energy transition.

Energy efficiency represents an important component of AESL's environmental management approach, and this is reflected through its score of 94.3, much higher than the industry median score of 68.0 in the Energy efficiency theme. The company has implemented energy optimization initiatives aimed at improving operational efficiency and reducing overall energy consumption. Energy management systems aligned with international standards such as ISO 50001 have been implemented to monitor and manage energy consumption across all operational facilities. AESL has recorded a significant reduction in its energy intensity from 852.35 GJ per INR crore of turnover in FY25 to 31.3 GJ per INR crore of turnover in FY26 (9M), bringing it broadly in line with the industry median of 35.9 GJ per INR crore. This improvement is supported by operational initiatives such as grid automation, digital monitoring systems, and smart infrastructure, which enhance network efficiency and reduce energy losses associated with electricity transmission and distribution. These measures contribute to

improved energy intensity performance while supporting the company's broader climate transition objectives.

Transmission infrastructure development can have environmental impacts related to land use, habitat disturbance, and ecosystem fragmentation. AESL has implemented initiatives aimed at minimizing these impacts and supporting biodiversity conservation. Environmental impact assessments are conducted during project planning to identify ecologically sensitive areas and evaluate potential environmental risks associated with infrastructure development. These assessments inform mitigation measures aimed at minimizing disturbance to local ecosystems. The company has also undertaken large-scale environmental stewardship initiatives focused on afforestation and ecological restoration. AESL has implemented plantation programs involving millions of trees and mangrove saplings, aimed at increasing green cover and restoring ecosystems around operational areas.

AESL has established structured waste management systems aimed at minimizing waste generation and maximizing material recovery through recycling and reuse initiatives. Waste generated during infrastructure construction, maintenance, and operational activities is segregated and processed through recycling or recovery channels wherever feasible. AESL has recorded a waste generation intensity per INR crore of turnover of 0.06 metric tonnes in FY26 (9M), lower than the industry median of 0.15 metric tonnes but the best in industry has recorded a waste generation intensity of 0.03 metric tonnes. Hazardous waste generated from maintenance activities is handled through authorized disposal systems in accordance with regulatory requirements. AESL has achieved Zero Waste to Landfill status, with less than 1% of their waste going to landfill, thus reflecting high waste recovery rates and effective waste management practices. These initiatives support efficient resource utilization while reducing the environmental footprint associated with operational activities.

Environmental considerations are increasingly incorporated into AESL's supply chain management practices. The company engages with suppliers to encourage adoption of environmentally responsible operational practices and sustainability standards. Approximately 68% of suppliers by procurement spend are engaged on ESG parameters, reflecting growing integration of sustainability considerations within procurement and supplier management processes. Suppliers are encouraged to adopt environmental management frameworks such as ISO 14001 environmental management systems and ISO 50001 energy management systems, helping improve environmental performance across the

value chain. AESL also undertakes supplier awareness initiatives and capacity-building programs to promote responsible sourcing practices and strengthen sustainability practices within its supply chain.

Social Score



Transition Pathway Trajectory
Leadership

The Social pillar, carrying a 30% weight for the power transmission and energy infrastructure sector, reflects a company's performance across areas such as employee well-being, community development, and supply chain responsibility. AESL has demonstrated strong performance under this pillar, attaining a score of 84.0, placing it in the top quartile of its industry peers and above the sector median. This underscores the company's robust social practices, focus on employee health & safety, stakeholder engagement, and commitment to inclusive and sustainable development. positioning it marginally above the industry median.

AESL has instituted a board-approved Occupational Health and Safety (OHS) Policy that provides the overarching framework for safety governance across its operations. The company promotes a strong safety culture and is committed to achieving its long-term vision of "Zero Harm" across all operational sites. Strategic oversight is supported through structured safety management systems and safety committees that monitor safety performance and implement preventive measures for employees and contractual workers. AESL undertakes regular hazard identification and risk assessment processes across its operations to manage workplace risks and ensure compliance with applicable safety standards. The company also conducts safety awareness programmes and training initiatives for employees and workers to strengthen safe work practices and reinforce behavioural safety across operational sites. In addition, occupational health is supported through periodic health check-ups and access to medical facilities at operational locations. Through these initiatives and continuous monitoring of safety performance, the company aims to maintain safe working conditions, prevent workplace incidents, and safeguard the health and well-being of its workforce. The average Lost Time Injury Frequency Rate (LTIFR) declined sharply from 0.34 per million hours worked in FY24 to 0.01 per million hours worked in FY25, reflecting stronger on-ground safety practices and improved implementation of safety management systems. Notably, this performance is better than the industry median of 0.015 in FY25, indicating relatively stronger safety outcomes and effective risk mitigation at the operational level. The company also reported no high-consequence injuries during the year, indicating effective risk control and safety oversight across operations. However, 1 fatality was

reported in FY25 and the company recorded a total recordable injury rate of 0.008 – higher than the industry median of 0.0004.

AESL recorded a score of 71.9 under the community support & development theme, placing it within the top quartile relative to its peers in the industry where the median score in the theme is 47.2. The community engagement framework of AESL is guided by a board-approved Corporate Social Responsibility (CSR) Policy and overseen by a Board-level CSR Committee, ensuring governance oversight and strategic alignment of the company's social investments. The company works closely with local communities, NGOs, and government stakeholders to understand socio-economic priorities and implement targeted development initiatives. AESL undertakes its CSR activities primarily through the Adani Foundation, focusing on areas such as education, community health, sustainable livelihoods, skill development, women empowerment, and community infrastructure. During FY25, the company invested about INR 44 crore in CSR, with the programs reaching 59,332 direct and indirect beneficiaries. A significant proportion of these beneficiaries are women, with 32,630 women beneficiaries representing about 55% of AESL's total CSR beneficiaries. Initiatives such as Meri Sangini, Meri Margdarshika (MSMM) encourage women's leadership and community participation by training women to act as peer counsellors and support community development activities. Another key initiative is Project Utthan, which aims to improve the quality of education in government schools by providing academic support, mentoring programs, and digital learning tools for students from underserved communities. The company also undertakes community infrastructure and water initiatives by installing drinking water facilities and supporting sanitation projects in villages and schools. In the area of livelihood generation, the company implements skill development programs and vocational training initiatives that help youth acquire employable skills and improve their income opportunities. Through the Adani Saksham Skilling Programme, training is provided in various sectors such as information technology, healthcare, and services to enhance employability among rural youth. With these structured CSR programs and community engagement initiatives, the company aims to create long-term social impact and contribute to inclusive and sustainable development in the regions where it operates. AESL also operates a formal community grievance redressal mechanism and reported no material community-related grievances during FY25. The company has disclosed that it does not currently undertake CSR spending in aspirational districts. Inclusion of such districts as a defined focus area could further strengthen the breadth and geographic inclusiveness of its CSR strategy. Notwithstanding this, the company demonstrates strong beneficiary targeting, with 73% of

its total CSR beneficiaries drawn from vulnerable and marginalized groups. Through these structured engagement processes and community development initiatives, the company seeks to create sustainable socio-economic value and contribute to the long-term development of communities in the regions where it operates.

Under the Human Capital theme, the company has instituted a structured grievance redressal mechanism for its workforce, supported by a separate board-approved policy that outlines escalation pathways and mitigation measures. AESL also aligns its labour practices with recognised social accountability standards, strengthening oversight of employee rights and workplace conduct. Employee well-being at AESL is supported through a range of benefits and workforce support mechanisms, including the provision of paid paternity leave and the presence of a structured grievance redressal framework. During FY25, the company resolved 81% of workforce complaints, indicating an effective grievance management system. Expenditure on employee well-being stood at 0.12% of total revenue during the year. From an inclusion perspective, the company operates under an Equal Opportunity Policy and has ensured that its operational premises are accessible to people with disabilities in accordance with the Rights of Persons with Disabilities Act. Persons with disabilities accounted for 0.17% of the total workforce in FY25. Gender diversity within the workforce remains modest, with the female-to-male employee ratio at 0.15, while the female-to-male worker ratio stood at 0.03. Pay parity indicators show mixed outcomes, with the median pay ratio of female to male employees at 0.47 due to higher number of females joining at entry level positions, while the median pay ratio for female to male workers stand at 1.0, showcasing parity at the worker level. AESL has also maintained strong commitment to equitable compensation with the ratio of standard entry level wage to local minimum wage standing at 2.93:1 in FY25 for male employees, while all workers, regardless of gender, received wages at or above the statutory minimum. The company also demonstrates a strong focus on workforce capability building through structured training initiatives. During FY25, 78% of employees were trained on BRSR principles, while 95% of employees received skill-upgradation training. In comparison, 2.8% of workers were trained on skill upgradation, indicating relatively lower training coverage among the worker segments.

Adani Energy Solutions Limited is committed to upholding human rights across its operations and business practices. The company follows a Human Rights Policy that promotes respect for the dignity, rights, and well-being of employees, workers, and other stakeholders. In addition, the company has

implemented a Prevention of Sexual Harassment (POSH) policy in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, ensuring a safe and respectful workplace environment. AESL also maintains formal grievance redressal and whistleblower mechanisms that allow employees and stakeholders to report concerns confidentially and without fear of retaliation. Through these policies and governance mechanisms, the company aims to promote ethical conduct, protect employee rights, and foster a safe and inclusive working environment.

Beyond the internal workforce, AESL extends its social governance framework to external stakeholders. The company conducts customer satisfaction surveys and operates grievance redressal mechanisms for customers and value chain partners. AESL demonstrates a focus on maintaining reliable electricity transmission and minimizing service disruptions through effective grid management and monitoring systems. The company has recorded a system interruption frequency of 0.35 with 99.9% of transmission grid availability which highlights stable operational performance and reliable grid service. Monitoring these parameters helps the company identify operational issues and implement corrective measures to improve grid stability and customer service outcomes.

AESL integrates social responsibility into its operations and stakeholder interactions, including customers, vendors, and business partners. The company promotes ethical conduct, transparency, and stakeholder trust through established governance frameworks. AESL also follows internationally recognized management system standards, including ISO 9001 across key operations, with periodic audits and third-party assessments supporting service quality, operational efficiency, and process integrity.

Governance Score



The Governance pillar carries a weight of 35% for the sector. With a governance score of 88.5, ranks in the top quartile among its industry peers, reflecting its strong governance practices and effective integration of ESG considerations at the highest levels of decision-making. AESL ranks in the top quartile among peers under the Business Ethics theme, with a score of 94.3, reflecting a strong institutional commitment to ethical governance and responsible business conduct.

This is supported by a board-approved Code of Conduct (CoC), alongside well-established whistleblower, anti-bribery, and anti-corruption policies. Ethical expectations are extended across the value chain through a comprehensive Supplier Code of Conduct, which addresses labour and human rights, occupational health and safety, ethical conduct, integrity, and environmental responsibility. The company also maintains a grievance redressal mechanism for investors and shareholders and conducts periodic training for employees and value chain partners on the CoC, anti-bribery and anti-corruption, and whistleblower policies to reinforce awareness and compliance.

Under the ESG Governance and Oversight theme, AESL scored 88.5, placing it above the industry median of 55.6 in this theme. Sustainability governance is anchored by a dedicated ESG team led by the Chief Sustainability Officer (CSO), who plays a central role in defining and executing the company's climate and broader ESG strategy. The CSO works closely with senior management and plant-level teams to integrate ESG objectives across key business functions, including manufacturing, finance, strategy, procurement, and operations. This organisation-wide integration ensures that ESG considerations are embedded within core decision-making processes. The ESG team monitors key performance indicators (KPIs), coordinates cross-functional initiatives, and supports continuous improvement in ESG performance.

Oversight of sustainability and climate-related risks is exercised through the Risk Management Committee (RMC), with climate risks fully incorporated into the enterprise risk management (ERM) framework. ESG and climate considerations are also reviewed during CEO-led plant visits, enhancing senior leadership visibility and enabling timely corrective action at the operational level. Through structured stakeholder engagement, AESL has identified its key ESG risks and, in line with industry best practices, has ensured that all ESG-related policies are board-approved and that reported ESG data is subject to independent assurance.

The company undertakes a quarterly review of its performance against Business Responsibility and Sustainability Reporting (BRSR) principles, with outcomes reviewed and approved by the Board. This periodic review reflects a proactive approach, enabling timely monitoring, prompt corrective actions, and continuous improvement in ESG performance. In addition, AESL has established a formal ESG materiality assessment framework and developed a materiality matrix to prioritise the most critical ESG issues, providing a structured basis for strategy refinement and performance enhancement.

AESL exceeds the minimum regulatory requirement under the Companies Act, with the presence of two independent women directors on its Board, thereby strengthening board independence and diversity and supporting more balanced and inclusive decision-making from a corporate governance perspective. However, women's representation in senior management remains nil, compared to an industry best practice level of approximately 29%, indicating scope for improvement in leadership diversity. Complementing its governance framework, AESL has implemented a comprehensive enterprise risk management system aligned with both regulatory expectations and business requirements.

The company has established a defined risk governance structure to support effective oversight and conducts regular risk assessments to identify emerging and evolving risks. Notably, AESL has not undertaken any financial restatements nor reported delays in financial reporting over the past two years, underscoring the robustness of its financial governance and control environment. AESL maintains a structured enterprise risk management framework covering key risk categories such as operational, financial, legal, and strategic risks. The company follows internationally recognized risk management standards, including ISO 31000 guidelines, and maintains systems for periodic risk monitoring and mitigation.

Business continuity management practices are well established. AESL maintains a formal Business Continuity Plan, supported by a dedicated emergency response or disaster management team. The company also holds ISO 22301:2019 certification for Business Continuity Management Systems, indicating adherence to global standards in operational resilience. These frameworks help ensure operational stability and preparedness in the event of disruptions. AESL demonstrates strong integration of sustainability considerations within its corporate governance framework. The company has conducted a formal ESG materiality assessment and maintains an ESG materiality matrix that identifies priority environmental, social, and governance issues. The company demonstrates relatively conservative executive compensation structures.

Board governance at AESL reflects strong regulatory compliance and structured oversight mechanisms. The company has established all key board committees, including the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee (NRC), Stakeholders'

Relationship Committee, and CSR Committee, in line with the requirements of the Companies Act 2013 and SEBI Listing Regulations. The board composition also meets statutory governance standards, with the required proportion of independent and non-executive directors, and the company has adopted a formal board diversity policy while complying with gender diversity requirements under applicable regulations. Committee leadership structures also align with regulatory expectations, with independent chairpersons and the required composition for the Audit Committee and NRC. AESL's Risk Management Committee did not meet the two-thirds independence threshold in FY25. However, this has been rectified in FY26 (9M), with 4 out of 6 members now being independent, thereby aligning with best-practice governance standards. Shareholder alignment on board appointments remains broadly stable indicating strong shareholder support for board governance structures.

Strengths

Significant Reduction in Direct Emissions

Adani Energy Solutions Limited demonstrated a substantial reduction in its direct greenhouse gas emissions during the assessment period. Scope 1 emissions intensity per INR crore of turnover declined sharply from 56.41 tCO_{2e} in FY25 to 0.08 tCO_{2e} in FY26 (9M), significantly lower than the industry median of 0.77 tCO_{2e}. This decline is largely attributable to the divestment of the Dahanu Thermal Power Station (ADTPS), which previously contributed to fuel-combustion related emissions. The structural shift away from thermal generation has materially reduced the company's direct carbon footprint and strengthened its environmental performance relative to industry benchmarks. Continued monitoring and management of emissions performance support AESL's broader environmental sustainability objectives.

Leadership in Resource Preservation

AESL exhibits leadership performance in biodiversity management, supported by a board-approved Biodiversity Policy and structured action plans. The company has conducted detailed biodiversity risk and impact assessments across operations. Its Biodiversity Action Plan follows the mitigation hierarchy and includes time-bound restoration and plantation targets. A No Net Deforestation commitment by 2030 further strengthens its ecological stewardship. On waste management, AESL has achieved Zero Waste to Landfill across facilities since 2022 with >99% waste diverted from landfill. Strong tracking systems and third-party assurance enhance data credibility.

Structured Occupational Health and Safety Governance

AESL demonstrates a well-institutionalized approach to employee health and safety, anchored in a board-approved OHS Policy and reinforced by senior management oversight through a Safety Council. This governance framework cascades effectively to the site level via safety committees, regular risk assessments, and structured safety action plans covering both permanent and contractual workers. The company's emphasis on preventive safety is evident in its sustained investment in training, including the 'Saksham' programme, which leverages behavioural and visual learning tools. ISO 45001 certification across most sites, along with routine medical check-ups and on-site healthcare facilities, further strengthens workforce protection. The effectiveness of this framework is reflected in improved safety outcomes, with the average Lost Time Injury Frequency Rate (LTIFR) declining sharply from 0.34 per million hours worked in FY24 to 0.01 in FY25, which is better than the industry median of 0.015, indicating relatively stronger safety performance and effective on-ground risk management. Collectively, these measures reflect a mature safety management system aligned with the company's Zero Harm vision.

High-Impact and Outcome-Oriented Community Development

AESL's community development approach is characterized by strong governance, stakeholder engagement, and measurable social outcomes. Guided by a board-approved CSR Policy, the company actively engages local communities to identify priority needs and design targeted interventions. Its water stewardship initiatives have delivered tangible benefits by reducing water scarcity and improving agricultural productivity in surrounding regions. Livelihood and skill development programs, particularly through SEDI, have enhanced employability and income generation for rural youth. Women empowerment initiatives have gone beyond economic support, enabling leadership participation at the grassroots level. The scale and depth of these interventions underscore AESL's ability to translate CSR investments into long-term community resilience.

Strong Institutionalized ESG and Ethical Governance Framework

AESL demonstrates a well-established governance framework that embeds ethical conduct and ESG considerations into core business decision-making. The presence of board-approved policies covering all three pillars of Environment, Social and Governance - reflect a strong tone from the top. Sustainability oversight is reinforced through a dedicated ESG team led by the Chief Sustainability

Officer, ensuring organization-wide integration of ESG objectives across functions. ESG and climate risks are formally embedded within the enterprise risk management framework and reviewed at both board and senior management levels. Regular training, independent assurance of ESG data, and annual board-approved BRSR reviews further strengthen accountability and transparency. Together, these elements indicate mature governance systems aligned with leading practices.

Weaknesses

Increase in Indirect Emissions

AESL reported a marginal increase in Scope 2 emissions intensity per INR crore of turnover, rising from 17.70 tCO_{2e} in FY25 to 17.96 tCO_{2e} in FY26 (9M). This remains significantly higher than the industry median of 5.76 tCO_{2e} in FY25 and 4.58 tCO_{2e} in FY26 (9M), indicating relatively elevated indirect emissions from purchased electricity. The trend underscores the need for accelerated renewable energy integration and stronger decarbonization initiatives to reduce reliance on external power sources and improve overall emissions efficiency.

Moderation in Workforce Stability

AESL witnessed moderation in certain human capital indicators during FY25. Workforce stability weakened during the year, with female employee turnover increasing from 0.06 in FY24 to 0.11 in FY25, and male employee turnover rising from 0.07 in FY24 to 0.16 in FY25. These trends indicate potential retention challenges and moderate the company's overall human capital performance.

Gaps in Pay Equity Outcomes

Gender pay parity indicators remain uneven despite some improvement at the employee level. The median pay ratio of female to male employees increased from 0.38 in FY24 to 0.47 in FY25 but remains below parity. At the worker level, the median pay ratio declined from 1.21 in FY24 to 1.00 in FY25, indicating a reduction in the earlier pay advantage. Additionally, the share of income paid to employees in smaller towns declined from 34.4% in FY24 to 14.0% in FY25, suggesting reduced regional income distribution.

Key ESG Parameters of AESL

Parameters	Unit	AESL	Industry Median
Environment			
Scope 1 intensity	tCO2e/INR crore of turnover	0.08	0.78
Scope 2 intensity	tCO2e/INR crore of turnover	17.96	4.58
Renewable energy consumption	% (of total energy consumption)	3.11%	1.59%
Energy intensity	GJ/ INR crore of turnover	31.33	35.94
Waste generation intensity	MT/ INR crore of turnover	0.06	0.16
Waste recovery rate	%	100%	29.0%
Zero waste to landfill	Waste to landfill/total waste	<1%	-
Social			
Employee turnover	%	15.2%	11.1%
Female to male employees' ratio	Per 100 male employees	14.77	10.32
Female to male employees' median pay	Per Rs. 100 of male employees' median pay	47.08	78.50
Health & safety complaints	Per employee	0.00	0.00
Employees covered under Health insurance	% of total employees	100%	100%
Employees covered under Accident insurance	% of total employees	100%	100%
Differently abled workforce	% of total workforce	0.17%	0.21%
POSH complaints upheld over reported	X/Y	0	0
Average lost time injury frequency rate	#	0.010	0.015
Workforce fatality rate	#	0.0001	0.00004
Total recordable injury rate	#	0.008	0.0004
Governance			
No. of female(s) in board	#	2	0
% board members trained on BRSR	%	100%	100%
% KMPs trained on BRSR	%	100%	100%
Income gap ratio (CEO pay to median pay)	X:Y	62.55	30.10

Data source: company, public sources, CareEdge-ESG research & analysis

Industry median based on FY25 data

tCO₂e– tonnes of CO₂ equivalent| kWh – kilowatt-hour | WHRS – Waste Heat Recovery System | kcal – kilocalorie | GJ – Gigajoules | kg – kilogram | CSR – Corporate Social Responsibility | SMP – Senior Management Personnel | KMP – Key Managerial Personnel |

CMD – Chairman & Managing Director | BRSR – Business Responsibility and Sustainability Reporting

Rating Sensitivities

Potential Future Rating Upside Drivers

- Decrease in Scope 2 emissions intensity
- Balanced Worker Pay Structure
- Improvement in Gender Pay Parity

Potential Future Rating Downside Risks

- Limited Progress in Renewable Energy Adoption
- Deterioration of Environmental intensities
- Degradation in reliability indices SAIDI, SAIFI, CAIDI, etc.

Analytical approach:

Rating boundary: CareEdge-ESG has considered consolidated data of AESL for assessment. The same is in line with their disclosure in BRSR.

Methodology/Criteria:

For detailed understanding on the criteria and methodology used by CareEdge-ESG, please refer to the methodology document available on the company's website www.careedgeesg.com

About the company and industry:

Adani Energy Solutions Limited is one of India's leading private sector power transmission and distribution companies and a key participant in the country's energy infrastructure sector. The company has headquarters in Ahmedabad and is part of the diversified Adani Group. Its key role is to strengthen electricity transmission networks and support the integration of renewable energy into the national power grid. The company operates primarily across three business segments: power transmission, power distribution, and smart metering solutions. AESL develops, owns, and operates a large network of high-voltage transmission lines and substations across multiple states in India,

facilitating the reliable transfer of electricity from generation sources to demand centres. In addition, the company manages electricity distribution networks in urban areas and is expanding its presence in digital energy infrastructure through advanced metering and grid management technologies. AESL has established a strong operational footprint through its extensive transmission assets and distribution networks, supporting reliable electricity supply to residential, commercial, and industrial consumers. The company’s strategic focus on expanding transmission infrastructure plays an important role in enabling the evacuation of renewable energy from solar and wind generation hubs to consumption centers across the country. AESL is committed to responsible and sustainable infrastructure development, with a focus on improving grid efficiency, integrating renewable energy, minimizing environmental impacts, and maintaining high standards of occupational health and safety. Through continued investment in transmission infrastructure, digital grid technologies, and sustainability initiatives, the company aims to contribute to the development of a resilient and low-carbon energy system in India.

Source of information

While assigning the ratings, CareEdge-ESG has considered publicly available information such as annual reports of the company and other policies, sustainability reports, certifications, BRSR reports, additional information and comments provided by the company.

Status of non-cooperation with previous ERP: Not applicable

Rating history for the last three years:

Sr. No.	Name of Product	Current Rating		Rating history		
		Rating	Score	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1	ESG Rating	CareEdge-ESG 1+	86.8	-	-	-

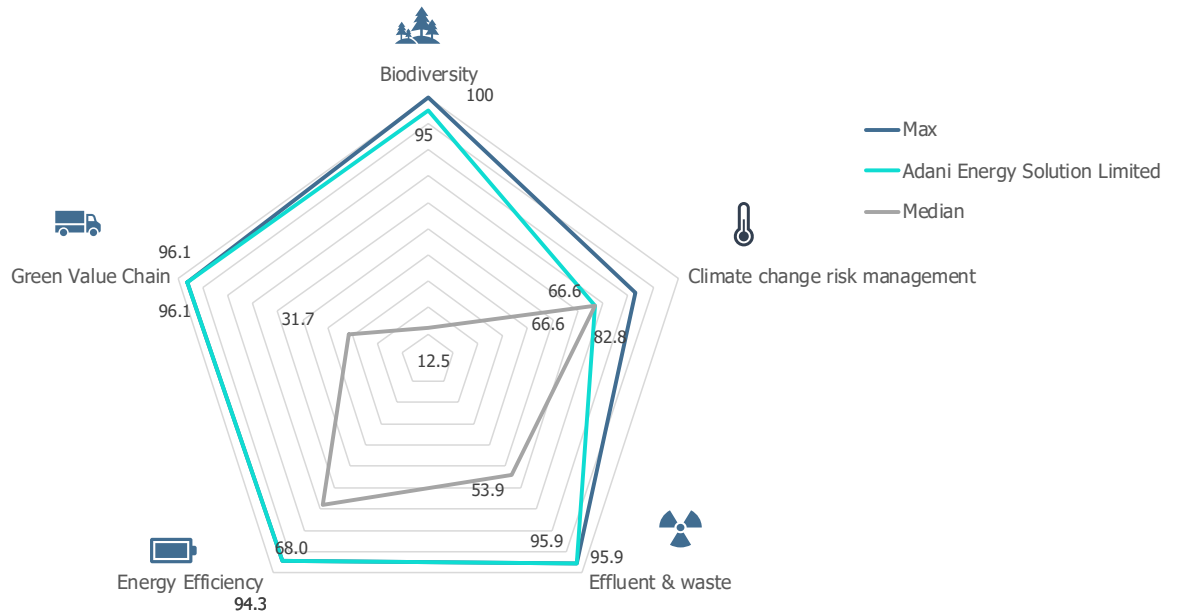
Annexure: Graphical summary of key rating drivers¹

Hierarchy: While arriving at pillar level scores for AESL, CareEdge-ESG has assigned theme weights based on relative importance and sectoral hierarchy as depicted in the exhibit below.

Utilities sector Material themes & Pillar weights

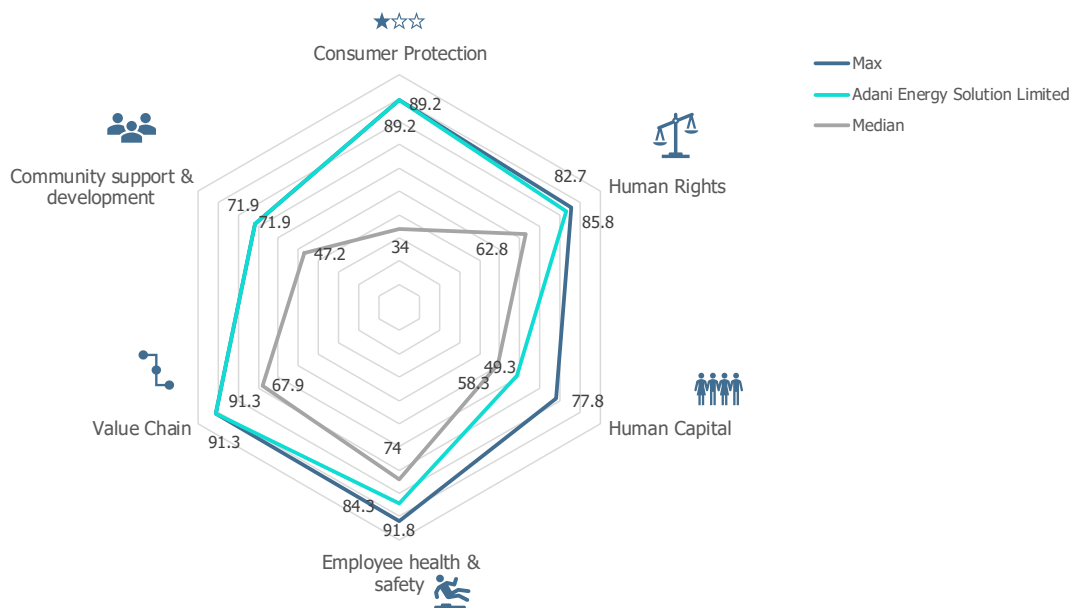
Materiality	Environment	Social	Governance
H I G H	Energy Efficiency	Consumer Protection	Business Ethics
	Effluent & Waste	Employee Health & Safety	Oversight On ESG
M E D I U M	Climate change risk management	Human capital	Board Composition
		Human Rights	Reporting, Filing & Disclosures
L O W	Green Value Chain	Community support & development	Board Functioning
	Biodiversity	Value Chain	Remuneration

Environment Pillar

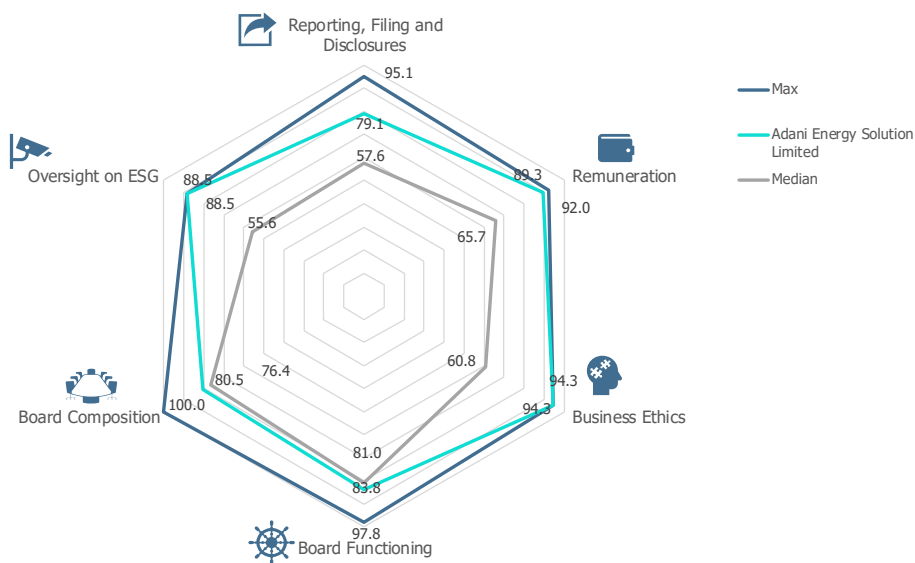


¹ Comprehensive analytical insights, inferences and benchmarking is provided in CareEdge-ESG's detailed ESG Report

Social Pillar



Governance Pillar



Summary Pillars and Theme Scores

Theme	Adani Energy Solutions Limited	Industry Median
Biodiversity	95.0	12.5
Climate change risk management	66.6	66.6
Effluent & waste	95.9	53.9
Energy Efficiency	94.3	68.0
Green Value Chain	96.1	31.7
Total Environment Score	87.6	61.5
Consumer Protection	89.2	34.0
Human Rights	82.7	62.8
Human Capital	58.3	49.3
Employee health & safety	84.3	74.0
Value Chain	91.3	67.9
Community support & development	71.9	47.2
Total Social Score	84.0	53.7
Reporting, Filing and Disclosures	79.1	57.6
Remuneration	89.3	65.7
Business Ethics	94.3	60.8
Board Functioning	83.8	81.0
Board Composition	80.5	76.4
Oversight on ESG	88.5	55.6
Total Governance Score	88.5	60.9
Total ESG score	86.8	57.4

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About:

CareEdge is a knowledge based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE ESG Ratings Limited (CareEdge-ESG) is one of the India's pioneer ESG rating provider fostering sustainability with ESG insights. With an aim of being a catalyst of change for a sustainable future with the most credible ESG assessments, CareEdge-ESG provides a 360-degree appraisal for the ESG performance benchmarking cum transition enabling ESG risk mitigation and enhanced decision-making capabilities for all stakeholders.

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