Adani Energy Solutions Limited

July 10, 2026

CareEdge ESG RATINGS
A subsidiary of CARE Ratings Limited
SEBI registered Category I ESG Rating Provider (ERP)

ESG Rating Rationale

Adani Energy Solutions Limited (AESL)	Previous Score	Rating Symbol*	Rating Score	Rating Symbol*	Rating Movement
ESG Rating	86.8	CareEdge-ESG 1+	86.2	CareEdge-ESG 1+	⟷

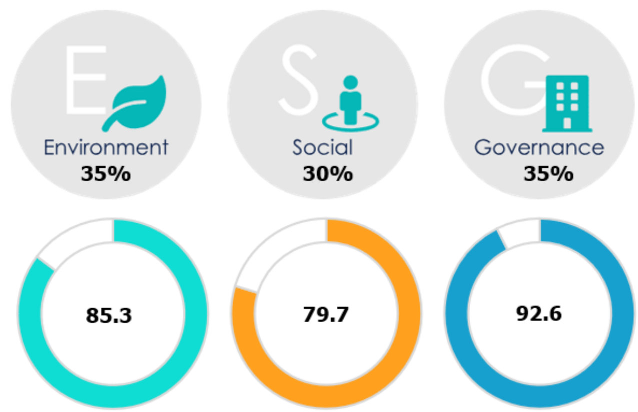
* *Please refer www.careedgeesg.com for detailed understanding of CareEdge-ESG's rating symbols and definitions.*

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

ESG Score

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

Pillar Weights & Scores



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	2025-26	2024-25	2023-24
Sustainability Report	Yet to be disclosed	2024-25	2023-24
CDP disclosure	2025-26	2024-25	2023-24
TCFD	2025-26	2024-25	2023-24

Rating Rationale

CareEdge-ESG has carried out an annual review of the ESG Rating and material event review based on the Business Responsibility and Sustainability Reporting (BRSR) publication of AESL. The ESG rating assigned to 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. AESL demonstrates a structured approach to environmental management across its operations through robust waste management, biodiversity conservation, and ecological risk mitigation practices. The company diverts nearly all of its waste from landfills through reuse and recycling, reflecting a strong focus on circular resource management. It has also adopted a dedicated Biodiversity Policy aimed at achieving No Net Loss of Biodiversity across its operational footprint. Biodiversity assessments and ecological mapping are undertaken at project sites to identify environmental sensitivities, while compensatory afforestation and other mitigation measures are implemented wherever projects involve forest land diversion, ensuring compliance with regulatory requirements and environmental protection standards.

These initiatives are complemented by the integration of sustainability considerations into AESL's infrastructure development and operational strategy. The company focuses on improving energy efficiency, minimizing environmental impacts, and supporting India's clean energy transition through the expansion of green transmission infrastructure. Continued investments in transmission and distribution networks facilitate the evacuation and integration of renewable energy into the national grid, enhancing grid reliability and enabling greater renewable energy penetration. Overall, these measures reflect AESL's strategic commitment to environmental stewardship and sustainable infrastructure development.

On the social dimension, AESL demonstrates a structured approach to human capital management and community development. The company supports employee well-being through comprehensive health and accident insurance, retirement benefits, employee assistance programmes, and digital healthcare access via the Adani Emcare platform, complemented by broader physical and mental wellness initiatives under Adani Care. Workforce stability further reflects effective employee engagement and retention practices. Beyond its workforce, AESL undertakes community development through its Corporate Social Responsibility (CSR) programmes, implemented primarily through the Adani Foundation. These initiatives, designed through structured stakeholder engagement with local communities and authorities, focus on education, healthcare, rural infrastructure, livelihood enhancement, and women empowerment. Overall, the company's focus on employee welfare, stakeholder engagement, and inclusive community development strengthens its social performance.

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 well-established ESG framework, AESL presents opportunities for further enhancement across select areas. Scope 2 emissions intensity remains above the industry median, indicating continued scope to strengthen energy sourcing and emissions management. On the social front, declining workforce training coverage, coupled with deterioration in workplace safety outcomes, highlights the need to reinforce human capital and safety initiatives. Additionally, the decline in female and persons with disabilities representation indicates scope to strengthen workforce diversity and inclusion across all levels of the organization.

Details of each pillar are given in the subsequent sections.

Environment Score

85.3

Transition Pathway Trajectory
Leadership

The power transmission, distribution & 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 85.3, 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 FY32 and Scope 3 by 27.5% by FY31 compared with its FY19 baseline. These targets reflect a focus on improving operational efficiency, reducing emissions associated with electricity distribution and infrastructure operations, and increasing the use of renewable energy.

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 total energy consumed 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 investments toward expanding renewable-aligned projects. The company has a capex pipeline of ₹1.76 lakh crore across its transmission, distribution, smart metering and allied infrastructure businesses, supporting network expansion and grid modernization. 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.

In FY26, AESL reported a Scope 1 emissions intensity of 0.52 tCO_2e per INR crore of turnover, a significant decline from 56.41 tCO_2e in FY25, primarily driven by the divestment of its Dahanu thermal power plant. Consequently, the company's Scope 1 emissions intensity remained well below the industry median of 0.77 tCO_2e per INR crore of turnover. However, Scope 2 emissions intensity increased marginally to 17.88 tCO_2e per INR crore of turnover in FY26 from 17.70 tCO_2e in FY25 and remained significantly higher than the industry median of 4.58 tCO_2e per INR crore. As Scope 2 emissions are largely influenced by purchased electricity consumption and the carbon intensity of the grid, continued focus on renewable electricity procurement, energy efficiency initiatives, and other targeted measures to reduce indirect emissions will be important to support AESL's long-term ambition of achieving net-zero emissions by 2050.

Energy efficiency remains a key component of AESL's environmental management strategy, reflected in its score of 94.0 under the Energy Efficiency theme, significantly above the industry median of 68.0. The company has implemented energy optimisation initiatives supported by ISO 50001-certified energy management systems across its operational facilities to monitor and improve energy performance. Energy consumption intensity declined sharply to 111.13 GJ per INR crore of turnover in FY26 from 852.35 GJ in FY25, primarily driven by the divestment of its thermal power asset and complemented by operational initiatives such as grid automation, digital monitoring systems, and smart infrastructure that improve network efficiency and reduce energy losses. Despite this substantial improvement, energy intensity remained above the industry median of 73.6 GJ per INR crore of turnover, indicating continued scope to enhance energy efficiency and support the company's long-term 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 focused on minimizing waste generation and maximizing material recovery through reuse and recycling. Waste generated during construction, maintenance, and operational activities is segregated and processed through appropriate recycling and recovery channels, while hazardous waste is managed through authorized disposal facilities in compliance with regulatory requirements. In FY26, waste generation intensity increased to 0.19 metric tonnes (MT) per INR crore of turnover from 0.16 MT in FY25 and remained marginally above the industry median of 0.18 MT per INR crore, primarily due to improved data hygiene, increased operational scale, and asset modernization activities. Despite the increase, AESL maintained its Zero Waste to Landfill status, with less than 0.5% of waste sent to landfill, reflecting strong waste recovery practices. While the company did not achieve complete recovery or safe disposal of all waste generated during the year due to a small quantity remaining pending disposal at year-end, the balance has been carried forward for disposal in the subsequent financial year. Overall, these practices demonstrate a structured approach to resource efficiency and waste management while highlighting scope to further reduce waste intensity.

Environmental considerations are well integrated into AESL's supply chain management practices. In FY26, the company assessed 100% of its suppliers for environmental impacts and sourced 100% of its raw materials through sustainable procurement practices, reflecting strong integration of sustainability considerations within supplier management. AESL also encourages suppliers to adopt internationally recognized environmental and energy management systems, including ISO 14001 and ISO 50001, to enhance environmental performance across the value chain. These efforts are complemented by supplier awareness and capacity-building programmes that promote responsible sourcing and strengthen sustainability practices throughout the supply chain.

Overall, AESL's environmental performance reflects a robust and well-integrated sustainability framework, underpinned by strong resource management practices and its strategic role in enabling India's clean energy transition. Continued focus on lowering indirect emissions and enhancing operational efficiency will further strengthen its environmental profile.

Social Score

79.7

Transition Pathway Trajectory
Adequate

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 79.7, 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.

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.

Despite maintaining a structured occupational health and safety framework, AESL's safety outcomes deteriorated in FY26. The average Lost Time Injury Frequency Rate (LTIFR) increased to 0.23 per million hours worked from 0.01 in FY25, exceeding the industry median of 0.05. Similarly, the total

recordable injury rate increased during the year, with the number of recordable injuries rising from 79 to 84. Workforce fatalities also increased, with two contractual worker fatalities reported in FY26 compared with one in the previous year, resulting in a workforce fatality rate of 0.00024, significantly above the industry median of 0.00004. Encouragingly, the company reported no high-consequence injuries during the year, reflecting effective controls over severe operational risks.
In response to the deterioration in safety performance, AESL strengthened its preventive safety initiatives by conducting organisation-wide awareness programmes and workshops focused on the root causes of fatalities and injuries and measures to prevent their recurrence. These efforts were reflected in a substantial increase in health and safety training coverage, with employee participation rising from approximately 58% in FY25 to 92% in FY26, while training coverage for workers increased from approximately 93% to nearly 100%.

AESL scored 76.6 under the community support & development theme in FY26, improving from 71.9 in FY25 and placing the company within the top quartile relative to its industry peers. The community engagement framework of AESL is guided by a board-approved 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.

In FY26, AESL increased its CSR expenditure by 15% over the previous year, while the number of beneficiaries rose by 90%, with total CSR spending reaching INR 50.2 crore and benefiting over 171,000 individuals. The company's flagship initiative, *Meri Sangini Meri Margdarshika*, an awareness programme on government welfare schemes for rural communities, benefited more than 16,000 individuals, all from marginalized communities. Another key initiative, *Project Utthan*, supports education in government schools through academic assistance, mentoring, and digital learning, with more than half of its beneficiaries belonging to vulnerable communities. AESL also undertakes community infrastructure and water initiatives, including the installation of drinking water facilities and sanitation infrastructure, alongside livelihood enhancement programmes through vocational and skill development initiatives. Under the Adani Saksham Skilling Programme, training across sectors such as information technology, healthcare, and services helps improve employability among rural youth. Collectively, these initiatives reflect AESL's structured approach to community development and its commitment to creating long-term, inclusive social impact.

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 75% 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, AESL has established a structured framework to safeguard employee welfare, rights, and workplace conduct. The company maintains a board-approved grievance redressal policy with defined escalation and resolution mechanisms and aligns its labour practices with recognized social accountability standards. Employee well-being is supported through a range of benefits, including paid paternity leave and formal grievance redressal processes.
The effectiveness of these mechanisms is reflected in a significant improvement in grievance management during FY26. Workforce complaints declined sharply from 74 complaints in the previous year to 1 in the current year. All pending complaints from FY25 along with the 1 received during FY26, were resolved, resulting in a 100% resolution rate compared with 81% in FY25. While expenditure on employee well-being as a proportion of revenue declined from 0.12% in FY25 to 0.01% in FY26, this was primarily attributable to higher revenue, lower training costs following the development of training modules, greater reliance on internal trainers, reduced insurance costs due to a lower employee base, and did not indicate a weakening of employee welfare initiatives.

From an inclusion perspective, AESL operates under an Equal Opportunity Policy and has ensured that its operational premises are accessible to persons with disabilities in accordance with the Rights of Persons with Disabilities Act. Representation of persons with disabilities declined to 0.12% of the workforce in FY26 from 0.16% in FY25, remaining below the industry median of 0.20%. The decline was primarily attributable to voluntary retirements and workforce transitions to the Global Capability Centre (GCC). To strengthen workforce inclusion, the company continues to identify roles suitable for persons with disabilities and has partnered with an NGO to upskill differently abled individuals and facilitate employment opportunities both within AESL and externally.

Gender diversity within AESL's workforce remains modest. The ratio of female to male employees and workers declined from 0.14 in FY25 to 0.13 in FY26, primarily due to a higher number of women employees opting for voluntary retirement. Given the relatively small female workforce base, this had a pronounced impact on overall representation. Consequently, the female-to-male employee median pay ratio declined from INR 47 earned by female employees for every INR 100 earned by male employees in FY25 to INR 39 per INR 100 in FY26. Within the worker category, the ratio of female to male workers also declined from 0.034 in FY25 to 0.024 in FY26. However, the female-to-male median pay ratio for workers improved to above 1.0. According to the company, this was primarily driven by attrition among male workers and the recruitment of entry-level male workers, which lowered the median pay for male workers rather than reflecting a material change in female worker remuneration. AESL has indicated that it is undertaking measures to improve gender diversity across all organizational levels. The company also maintained equitable wage practices, with the ratio of standard entry-level wage to the local minimum wage standing at 2.93:1 for male employees and 2.48:1 for female employees in FY26, while all workers, irrespective of gender, received wages at or above the statutory minimum.

AESL undertakes structured training programmes to strengthen workforce capability and ESG awareness. In FY26, the proportion of employees trained on BRSR principles increased significantly from 78% in FY25 to 98%. The percentage of workers receiving skill upgradation training also doubled from approximately 3% in FY25 to approximately 6% in FY26. However, this remained below the industry median, indicating scope to further expand skill development initiatives for the worker category. In contrast, the proportion of employees trained on skill upgradation declined marginally from 95.3% in FY25 to 92.1% in FY26, highlighting the need to sustain high training coverage through continued capability-building efforts.

AESL is committed to upholding human rights across its operations through a comprehensive Human Rights Policy that promotes the dignity, rights, and well-being of employees, workers, and other stakeholders. The company has also implemented a Prevention of Sexual Harassment (POSH) Policy in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, supported by formal grievance redressal and whistleblower mechanisms that enable confidential reporting without fear of retaliation. These governance mechanisms reinforce ethical conduct and help foster a safe, inclusive, and respectful workplace. During FY26, the company received one POSH complaint, which was upheld and resolved within the year, reflecting effective resolution process. Training coverage on POSH improved from 78% of employees in FY25 to 100% in FY26. However, the proportion of employees trained on human rights policies declined from 59.4% in FY25 to 38.5% in FY26, remaining below the industry median. In addition, no refresher training on human rights was conducted for workers during FY26. These trends indicate scope to strengthen human rights awareness and ensure more comprehensive and regular training coverage across the workforce.

Beyond its internal workforce, AESL extends its social framework to customers and value chain partners through structured stakeholder engagement, customer satisfaction surveys, and formal grievance redressal mechanisms. The company reported a significant improvement in its Net Promoter Score, which increased from 19 in FY25 to 43 in FY26, reflecting enhanced customer satisfaction. Operational reliability also remained strong, with transmission grid availability maintained at 99.9% and average customer interruption duration improving marginally from 31.2 in FY25 to 30.8 in FY26. However, the system interruption frequency increased from 0.35 in FY25 to 0.42 in FY26, indicating scope to further strengthen grid reliability and operational resilience. In addition, the proportion of value chain partners trained on BRSR principles declined significantly from 68% in FY25 to 23% in FY26, highlighting the need to reinforce ESG capacity-building across the value chain. Continuous monitoring of operational performance and stakeholder feedback enables AESL to identify improvement areas and implement corrective measures to further enhance service reliability and stakeholder engagement.

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

92.6

The Governance pillar carries a weight of 35% for the sector. AESL scored 92.6 under this pillar in FY26, improving from 88.5 in FY25 and placing the company in the top quartile among its industry peers. The score reflects AESL's strong governance framework and effective integration of ESG considerations into strategic decision-making and board oversight.

AESL ranks in the top quartile among its peers under the Business Ethics theme, with its score improving to 98 in FY26 from 94.3 in FY25, reflecting a strong commitment to ethical governance and responsible business conduct. This is underpinned by a board-approved Code of Conduct (CoC), supported by comprehensive whistleblower, anti-bribery, and anti-corruption policies. Ethical expectations are extended across the value chain through a Supplier Code of Conduct covering labour and human rights, occupational health and safety, business ethics, 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 to reinforce awareness and compliance. During FY26, employee training coverage on the Code of Conduct increased from 78% to 100%, while training on whistleblower, anti-bribery, and anti-corruption policies also improved from 78% to 100%, demonstrating strengthened governance awareness across the organisation.

Under the Oversight on ESG theme, AESL achieved the sector-leading score of 93.7 in FY26, improving significantly from 88.5 in FY25. Sustainability governance is led by a dedicated ESG team headed by the Chief Sustainability Officer (CSO), who is responsible for driving the company's climate and broader ESG strategy. The CSO works closely with senior management and business functions to integrate ESG considerations across key operational and strategic decision-making processes. The ESG team also monitors key performance indicators (KPIs), coordinates cross-functional initiatives, and drives continuous improvement in ESG performance, reflecting a well-embedded governance framework. 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 indicating scope for improvement in leadership diversity.

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 demonstrates relatively conservative executive compensation structures despite its total board compensation as a percentage of total compensation increasing slightly in FY26.

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 met the two-thirds independence threshold in FY26 with 4 out of 6 members 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.

Key Rating Drivers

Strengths

Climate transition leadership

AESL demonstrates strong climate management through a structured decarbonization strategy, supported by clear targets for greenhouse gas emissions reduction, renewable energy adoption, and energy efficiency improvement. The company's significant reduction in Scope 1 emissions intensity, and energy consumption intensity, along with a 20 times increase in renewable energy consumption during FY26 reflect continued progress in operational decarbonization. These efforts are reinforced by regular performance monitoring, third-party assurance, and sustained investments in energy-efficient technologies and clean energy sourcing, strengthening AESL's climate transition credentials within the utilities sector.

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.

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 Board Oversight and Governance Structure

AESL demonstrates strong board governance through an independent and well-structured Board supported by specialized committees overseeing audit, risk management, stakeholder relationships, nomination and remuneration, and corporate social responsibility. The company remains fully compliant with applicable regulatory requirements relating to board composition, independence, committee structures, and governance disclosures, while exceeding regulatory expectations through higher-than-required board gender diversity and a Risk Management Committee comprising more than two-thirds independent directors. Regular board evaluations, director training programmes, and structured governance reviews further strengthen board effectiveness and oversight.

Weaknesses

Opportunity to Strengthen Energy Transition

While AESL has made notable progress in renewable energy adoption, clean energy procurement, and improving energy efficiency, there remains scope to further strengthen its energy transition. Scope 2 emissions intensity and overall energy intensity continue to remain above industry benchmarks, indicating opportunities to enhance renewable energy integration, optimize energy consumption, and accelerate the adoption of low-carbon technologies. Continued focus in these areas will support the company's long-term decarbonization objectives and further strengthen its environmental performance.

Low Workforce Diversity and Inclusion

While AESL has established policies to promote equal opportunity and inclusive employment, workforce diversity remains an area for further improvement. Female representation declined across both employee and worker categories during FY26, accompanied by a widening gender pay gap among employees. Although pay parity improved for workers, this was largely driven by changes in workforce composition rather than a structural improvement in remuneration outcomes. In addition, representation of persons with disabilities declined during the year and remained below the industry benchmark. Continued efforts to enhance gender diversity, strengthen inclusion of persons with disabilities, and improve equitable representation across all organizational levels would further strengthen the company's human capital profile.

Workplace safety performance

Despite maintaining a structured occupational health and safety framework, workplace safety outcomes weakened during FY26. The company reported higher lost time injuries, recordable injury rates, and workforce fatalities compared with the previous year, with key safety indicators remaining above industry benchmarks. Although no high-consequence injuries were reported, the deterioration in overall safety outcomes indicates scope to enhance the effectiveness of safety interventions and strengthen implementation across operations.

Need to Strengthen ESG and Workforce Training

Training coverage across certain ESG-related areas declined during FY26, indicating scope to strengthen capacity-building initiatives. The proportion of value chain partners trained on BRSR principles reduced significantly, while employee training coverage on human rights and skill upgradation also declined compared with the previous year. Going forward, expanding ESG training across the value chain and making critical training programmes, particularly on human rights and skill upgradation, mandatory for the workforce would help strengthen organizational capability, reinforce responsible business practices, and support sustained ESG performance.

Key ESG Parameters of AESL

Parameters	Unit	FY26	Industry Median
Environment			
Scope 1 intensity	tCO2e/INR crore of turnover	0.52	0.78
Scope 2 intensity	tCO2e/INR crore of turnover	17.88	4.58
Renewable energy consumption	% (of total energy consumption)	60.46%	4.85%
Energy intensity	GJ/ INR crore of turnover	111.1	73.63
Waste generation intensity	MT/ INR crore of turnover	0.19	0.19
Waste recovery rate	%	94.6%	29.0%
Zero waste to landfill	Waste to landfill/total waste	<1%	-
Social			
Employee turnover	%	6.40	0.11
Female to male employees' ratio	Per 100 male employees	13.27	10.32
Female to male employees' median pay	Per Rs. 100 of male employees' median pay	39.67	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	0.12%	0.21%
POSH complaints upheld over reported	X/Y	1	1
Average lost time injury frequency rate	#	0.235	0.055
Workforce fatality rate	#	0.0002	0.00004
Total recordable injury rate	#	0.010	0.0004
Governance			
No. of female 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

tCO_2e– tonnes of CO_2 equivalent| GJ – Gigajoules | MT – Metric tonnes | CSR – Corporate Social Responsibility | KMP – Key Managerial Personnel | CEO – Chief Executive Officer

Rating Sensitivities

Potential Future Rating Upside Drivers

- Reduction in energy and indirect emissions intensity
- Improvement in workforce diversity
- Enhancement in employee pay parity
- Increase in training participation

Potential Future Rating Downside Risks

- Reduction in renewable energy usage
- Weakening of operational reliability indices (SAIDI, SAIFI, CAIDI)
- Dwindling progress on sustainability targets

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 (AESL), formerly known as Adani Transmission Limited, is a part of the diversified Adani Group and is headquartered in Ahmedabad, India. The company operates in the power transmission and distribution sector and is one of the largest private sector transmission companies in India. AESL is primarily engaged in developing, operating, and maintaining power transmission infrastructure, as well as electricity distribution networks, thereby playing a critical role in ensuring reliable power delivery across regions. Its business model encompasses transmission assets, distribution utilities, and smart metering solutions, enabling it to cater to both bulk power transfer and last-mile electricity delivery.

Over the years, AESL has significantly expanded its footprint by building a wide network of high-voltage transmission lines and substations across multiple states in India. The company has developed a portfolio of transmission projects that facilitate the evacuation of power from generation hubs to demand centres. In addition, through its distribution business, AESL serves millions of consumers, particularly in urban areas such as Mumbai, where it focuses on reliable supply, customer service, and network modernization. The company has also ventured into smart metering and digital energy solutions, reflecting its emphasis on innovation and efficiency in power management.

AESL operates within the broader Indian power sector, specifically in the transmission and distribution segment, which forms the backbone of the electricity value chain. This segment is essential for connecting power generation sources with end consumers, ensuring grid stability, and minimizing transmission losses. As India continues to witness rapid urbanization, industrial growth, and rising electricity demand, the need for robust transmission infrastructure and efficient distribution systems has become increasingly critical.

Furthermore, AESL's strategic focus aligns with India's evolving energy transition landscape. The company is actively investing in smart grid technologies, digitalization, and energy-efficient infrastructure to support the integration of renewable energy into the grid. These efforts underscore AESL's role in enabling a more resilient, sustainable, and future-ready power ecosystem, while balancing reliability, affordability, and environmental considerations.

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:

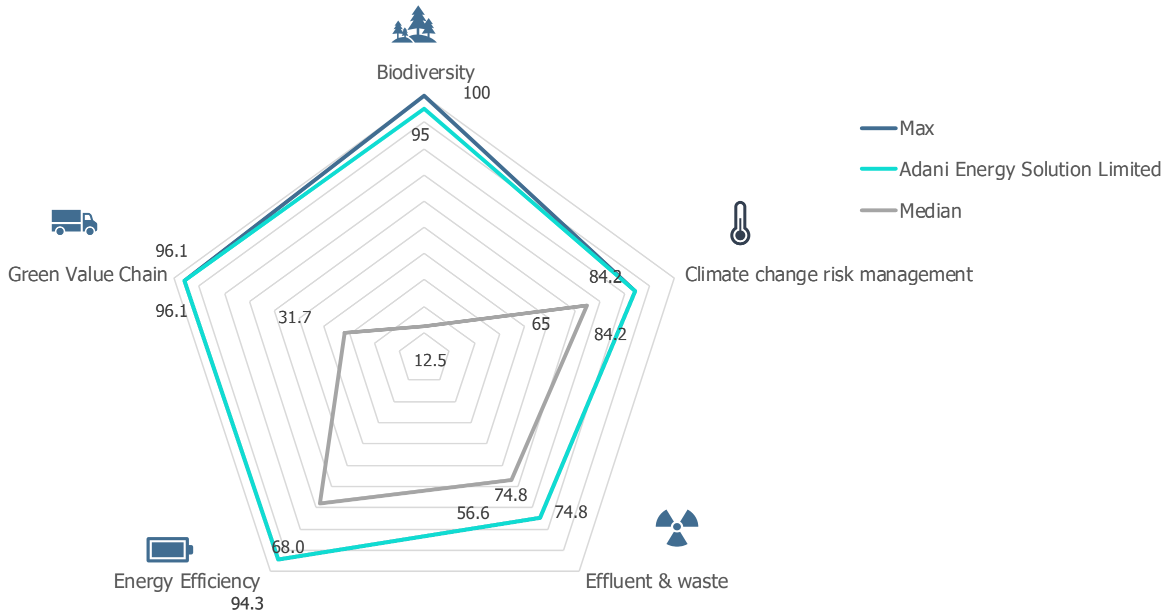
Sr. No.	Name of Product	Current Rating		Rating history		
		Rating	Score	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
1	ESG Rating	CareEdge-ESG 1+	86.2	March 31, 2026: CareEdge-ESG 1+, 86.8	-	-

Annexure: Graphical summary of key rating drivers

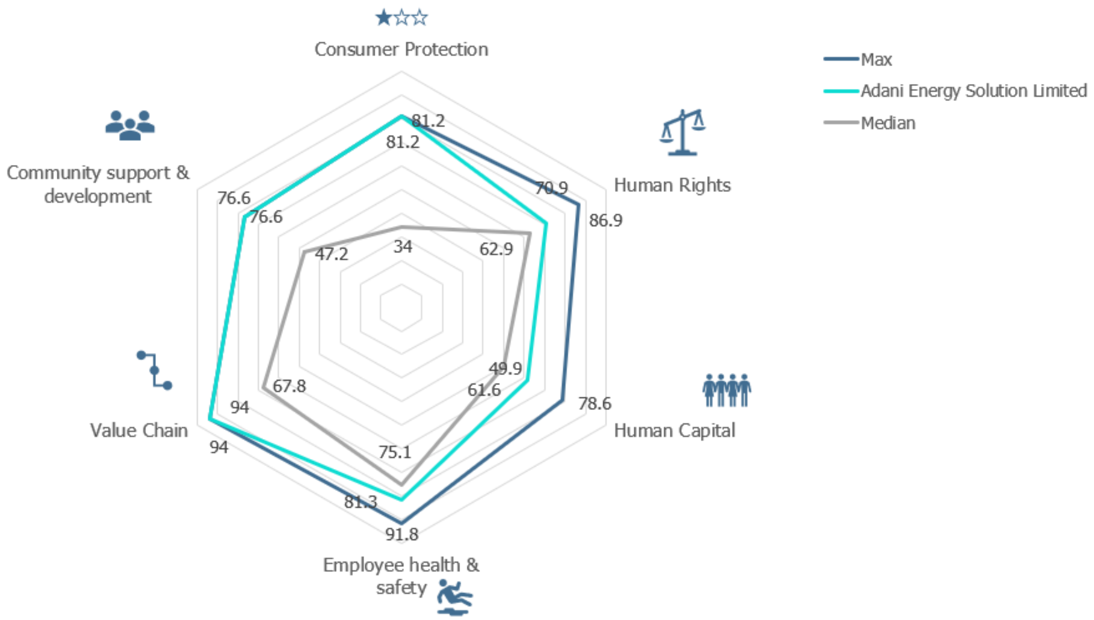
Hierarchy: While arriving at pillar level scores for AESL, CareEdge–ESG has assigned theme weights based on relative importance and sectoral hierarchy as depicted in the exhibit below.

Utilities sector Material themes & Pillar weights

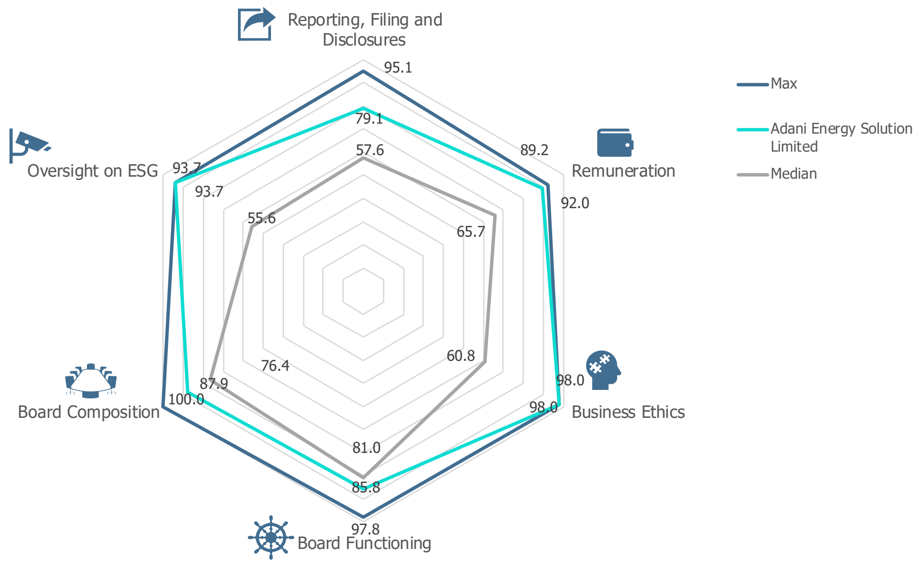
Environment Pillar



Social Pillar



Governance Pillar



Summary Pillars and Theme Scores

Theme	AESL FY26	FY26 Industry Median
Biodiversity	95.0	12.5
Climate change risk management	84.2	65.0
Effluent & waste	74.8	56.6
Energy Efficiency	94.0	68.0
Green Value Chain	96.1	31.7
Total Environment Score	***85.3***	***62.2***
Consumer Protection	81.2	34.0
Human Rights	70.9	62.9
Human Capital	61.6	49.9
Employee health & safety	81.3	75.1
Value Chain	94.0	67.8
Community support & development	76.6	47.3
Total Social Score	***79.7***	***53.9***
Reporting, Filing and Disclosures	79.1	57.6
Remuneration	89.2	65.7
Business Ethics	98.0	60.8
Board Functioning	85.8	81.0
Board Composition	87.9	76.4
Oversight on ESG	93.7	55.6
Total Governance Score	***92.6***	***60.9***
Total ESG score	**86.2**	**57.7**

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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.