



07

REC's Environmental Footprint

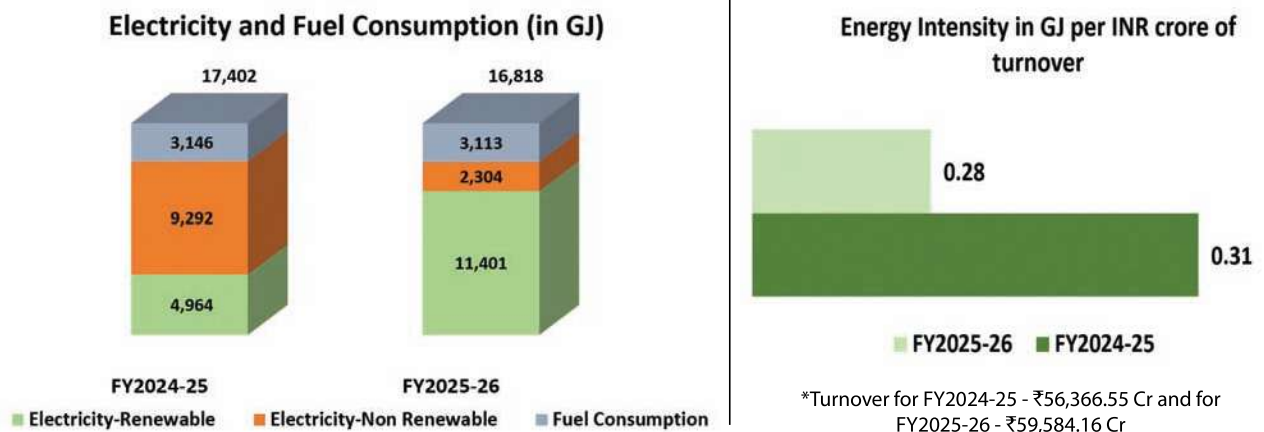


REC is driving India's green transition by supporting the nation's ambitious journey to achieve Net Zero emissions by 2070

Strong economies and healthy communities depend entirely on a healthy planet. However, issues like climate change, species loss, and resource shortages pose a real threat to our future. At REC, protecting the environment is central to how we foster lasting, inclusive growth. By investing in renewable energy, grid modernization, and climate-resilient infrastructure, we help India grow without increasing pollution. Our approach aligns with national priorities, global frameworks such as the Paris Agreement and SDG 7, and the expectations of stakeholders who rightly demand responsible stewardship. In championing low-carbon financing, promoting circular resource practices and embedding rigorous ESG due diligence across our financing decisions, REC is committed to catalysing a just energy transition that delivers enduring social prosperity within the planet's ecological limits.

7.1 Energy management

REC remains dedicated to mitigating its environmental footprint by integrating renewable energy and clean mobility into daily operations. During FY26, the corporation reached significant sustainability milestones by sourcing 100% green power from the local Discom for the Corporate Office operations and installing 54 kWp of cumulative rooftop solar capacity across three regional offices in addition to existing 979 kWp rooftop solar at Corporate Office and 40 kWp at RECIPMT premises. RECIPMT, RO Panchkula, RO Mumbai, RO Jaipur and RO Thiruvananthapuram have also started sourcing green power. Further, achieved 100% EV/Hybrid transition for the official vehicle fleet, completely phasing out internal combustion engine vehicles for corporate transit.



7.2 GHG Emissions

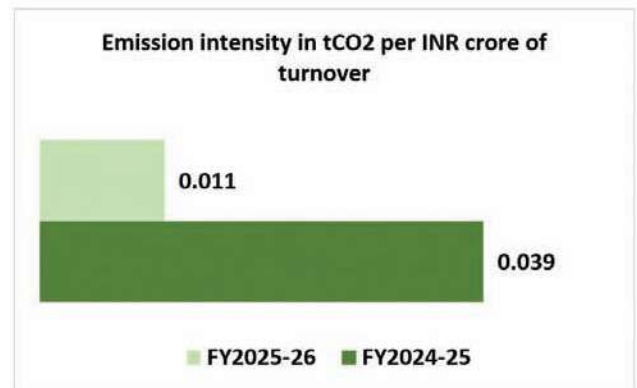
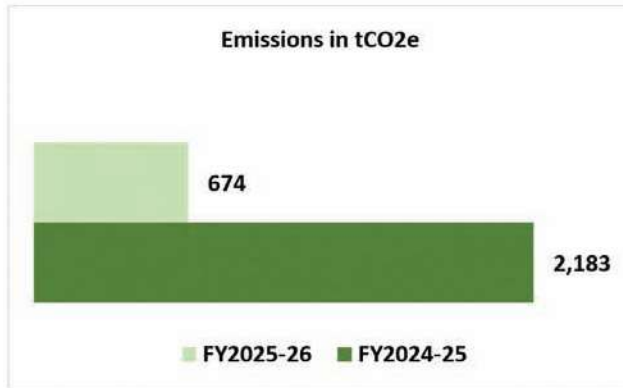
7.2.1 GHG Emissions by Source (Scope 1 & 2)

In FY 2023–24, we completed a baseline assessment of Scope 1 and 2 GHG emissions, laying the groundwork for focused reduction efforts by targeting the biggest sources of emissions that we are most within our control. We made good progress towards our 2026 targets, with absolute total direct (Scope 1) emissions decreasing by 87.10 tCO₂ which is 28% decrease from previous year. Also, Indirect emissions from purchased electricity (Scope 2) emissions were slashed by 1,422.21 tCO₂ which is 76% reduction from the previous year's emissions.

Total Scope 1 & 2 emissions decreased by 69% in FY2025-26 compared to FY2024-25.



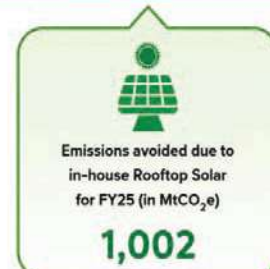
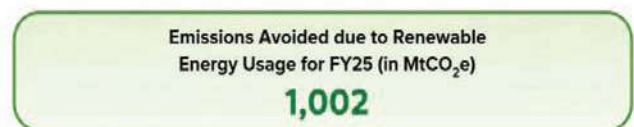
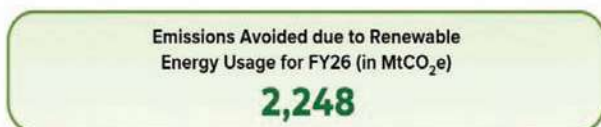
Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Emissions Breakup: Diesel, LPG, PNG, CO ₂ refill, Petrol, and Other Refrigerant Gases)	Metric tonnes of CO ₂ equivalent	219.36	306.46
Total Scope 2 emissions (Purchased Electricity)	Metric tonnes of CO ₂ equivalent	454.32	1876.53
Total Scope 1 & 2 emissions	Metric tonnes of CO ₂ equivalent	673.68	2,182.99



Breakup of Scope 1&2 emissions (tCO₂e)

FY2025-26 vs FY2024-25

Particulars	Diesel Generator (tCO ₂ e)	Canteen (tCO ₂ e)	Refrigerants Refill (tCO ₂ e)	Company owned vehicles (tCO ₂ e)	Electricity Consumed (tCO ₂ e)	Total (tCO ₂ e)
FY2025-26	38.14	62.73	12.36	106.13	454.32	673.68
FY2024-25	38.77	59.70	95.60	112.39	1,876.53	2,182.99



Avoided emissions from use of renewable energy surged by 124% y-o-y, climbing from 1,002 tCO₂ to 2,248 tCO₂ in FY 2025-26.



7.2.2 GHG Emissions by Source – Scope 3

Scope 3 emissions are generated from activities across our value chain that extend beyond direct operations. These include purchasing goods and services, commuting, business travel, transportation, and waste management. While each of these contributes to our footprint, the largest share comes from sourcing goods and services, with office procurement standing out as the most significant contributor. While we focus on the direct effects of our operations, we also take responsibility for all activities related to our business across the entire value chain. To achieve our goals, we participate in multiple initiatives aimed at reducing scope 3 emissions. Analysing our overall carbon footprint shows that the majority of impacts originate upstream, closely linked to our suppliers. Therefore, collaborating with suppliers is essential in efforts to reduce our scope 3 emissions.

We have formalised our long-term strategy to reduce our overall carbon footprint, with an emphasis on minimising and managing the most significant sources of our GHG emissions and the categories that are most within our control. These categories include purchased goods and services, business travel, commuting and energy consumption.



Scope 3 GHG Emissions (tCO₂e)

 Category - (Scope 3)	FY2025-26	FY2024-25
 Purchased goods and services, Capital goods	3,051.78	7,641.05
 Fuel and energy-related activities	154.04	363.66
 Waste generated in operations	0.16	0.21
 Business Travel	871.01	904.82
 Employee Commuting	1,817.95	1,635.10
 Total	5,895	10,545

Scope 3 emissions drastically dropped by 44% from 10,545 tCO₂ to 5,895 tCO₂ in FY2025-26, which is mainly driven by lower procurement during the year compared to previous year.

7.3 Our Environmental Sustainability Strategy

We believe that managing energy use and emissions, protecting biodiversity, tackling climate risks, and responsibly handling water and waste are all vital in keeping our planet healthy for future generations. Our commitment to environmental responsibility is evident in our emphasis on managing energy and emissions, protecting biodiversity, mitigating climate risks, and overseeing adequate water and waste management. We aim to support our clients in achieving their environmental goals and contribute to the advancement of a sustainable global economy.

SCALING GREEN SOLUTIONS

Focusing our efforts to meet client needs and on scaling solutions that India will need for long-term environmental sustainability

MINIMIZING OUR OPERATIONAL IMPACT

Minimizing the environmental impact of our own operations, including in our buildings and fleets by environmental friendly practices

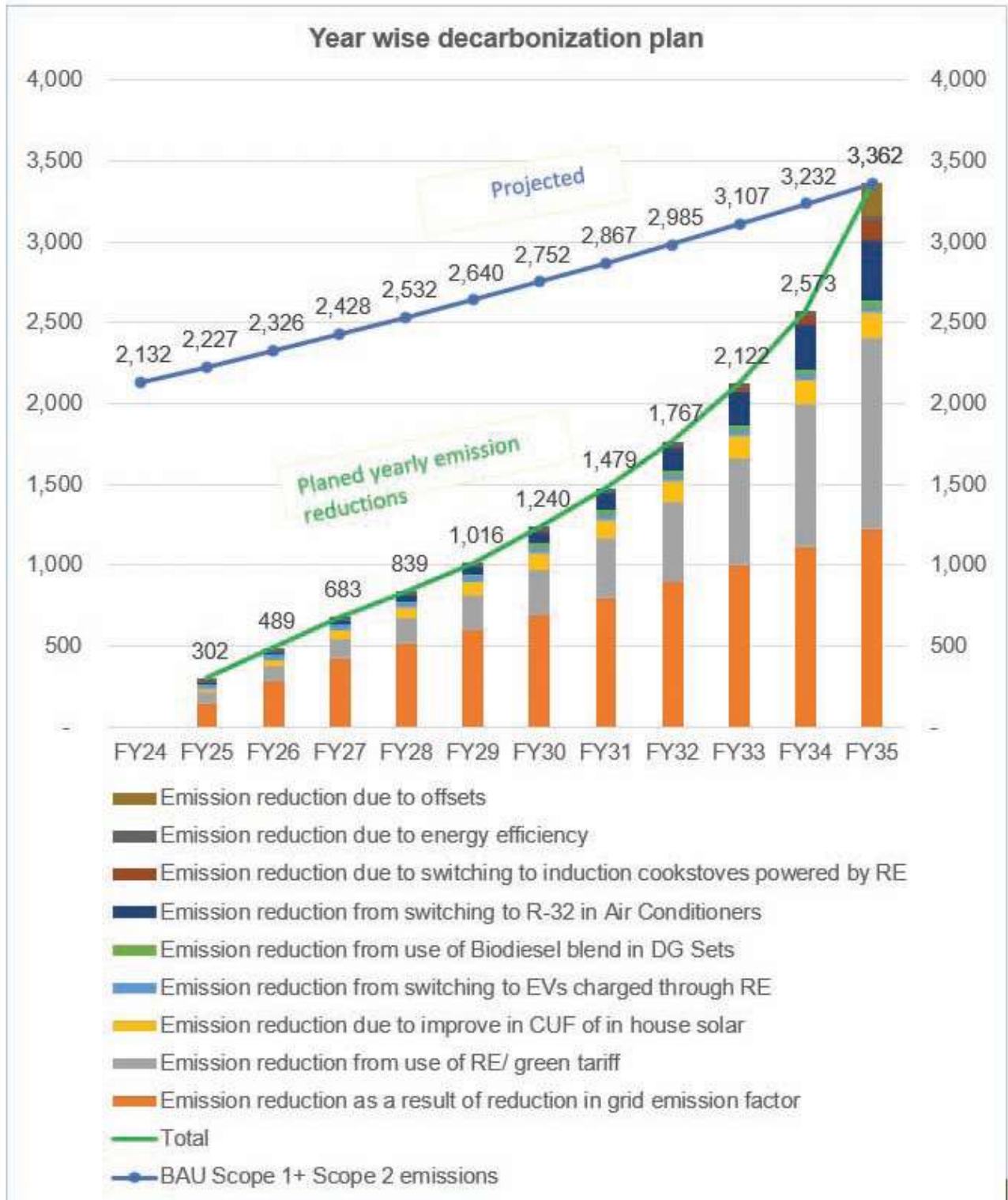
BALANCING ENVIRONMENTAL, SOCIAL AND ECONOMIC NEEDS

Supporting Government of India's efforts towards net zero GHG emissions by 2070 while balancing energy access, reliability, security and affordability



7.3.1 Our Roadmap to Becoming Climate Positive

Latest climate science reaffirms that limiting global warming to 1.5°C above pre-industrial levels is vital to avoid the most severe impacts of climate change. With global average temperatures temporarily touching this threshold in recent years, the focus is now on urgent decarbonisation to avoid a permanent breach and mitigate climate risks. Reaching this goal requires that emissions be reduced by half by 2030 and that we achieve net-zero emissions by no later than 2050. We are committed to becoming climate positive – removing more greenhouse gases from the atmosphere than we emit – before 2050, as part of our purpose. One key aspect of this is that REC aims to achieve climate-positive operations by 2035.



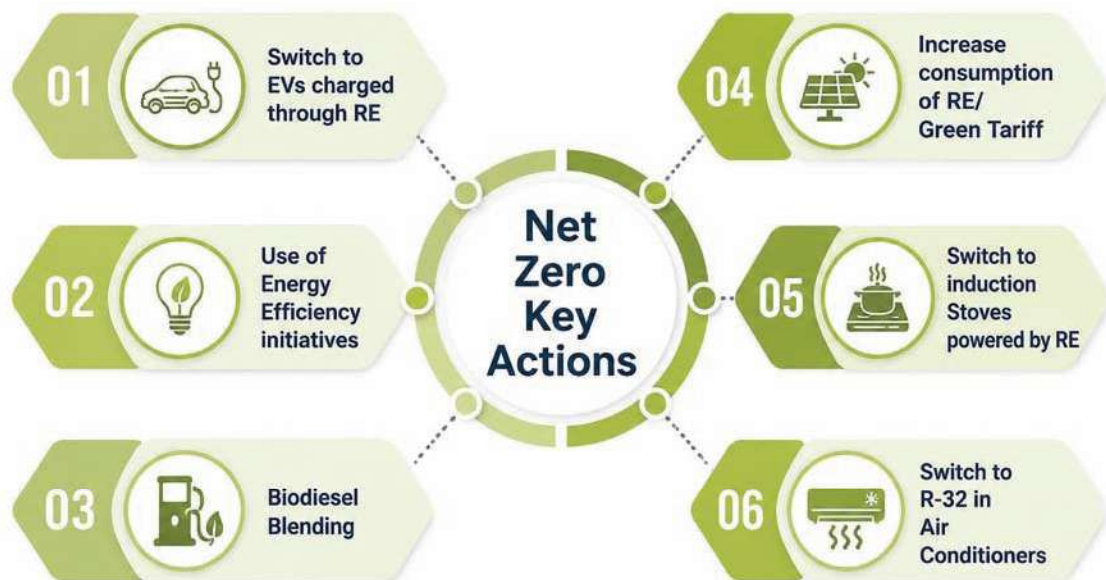


Planned v/s Actual emissions to Net Zero by 2035

Financial Year	Planned/ Projected emissions level Scope 1&2 (tCO ₂)	Actual Achieved Scope 1&2 (tCO ₂)
2023-24	2,132	2,132
2024-25	2,227	2,183 (2%↓)
2025-26	2,326	674 (71%↓)

With the drastic reduction in Scope 1 & 2 emissions in FY2025-26, as in above table, it is expected that REC may achieve its Net Zero target well before the baseline plan of 2035.

7.3.2 Environment: Net Zero Plan with following broad pathways



7.3.3 Sustainable Sourcing

Sustainability is at the heart of REC, shaping both our policies and everyday operations. Our sourcing practices stand out as we use clear metrics to measure sustainable procurement, reflecting our strong commitment to responsible and ethical choices. In addition to our sourcing methods, REC has established a comprehensive Environmental, Social, and Governance (ESG) policy. This policy underscores our commitment to enhancing our environmental performance across all facets of our operations. We believe that fostering a culture of ecological responsibility extends beyond our immediate organization to influence our employees and the broader community, encouraging everyone to contribute positively to environmental stewardship.

The ESG policy and sustainable procurement policy are available at <https://recindia.nic.in/policies>

In FY2025-26, 100% of REC's inputs were sourced sustainably and ESG declaration is taken from respective suppliers.

7.3.4 Minimizing Our Operational Impact

REC works to protect the planet by managing its impact responsibly. In 2026, we continued working to reduce GHG emissions across our operations, maintained carbon neutrality in our operations, and formalised our long-term GHG emissions reduction strategy. To effectively track and accurately report on our progress, we engage an assurance provider to audit our Scope 1 (direct GHG emissions), Scope 2 (indirect GHG emissions from our purchased energy) annually.



While measuring, managing, and reporting our emissions, we follow the Greenhouse Gas Protocol (GHG Protocol), the globally recognised standard for corporate GHG accounting. Building on our environmental performance in 2026, we continued taking a holistic approach to minimising our carbon footprint. Our efforts included transitioning to greater renewable energy use, investing in projects that protect the environment and offset our operational greenhouse gas (GHG) emissions, and participating in various energy-saving initiatives.

7.3.5 Shifting to Renewable Energy

We are steadily moving our electricity use toward renewable sources. Guided by India's Panchamrit commitments and Nationally Determined Contributions (NDCs), REC is working to decarbonise its operations while growing its green financing footprint.



Opting green energy premium

Our Corporate Headquarters now runs on 100% renewable electricity following the approval from DHBVN for green power supply. Marking a significant step towards reducing grid-related carbon emissions as this initiative avoided 76% of overall Scope 2 emissions of REC. Further, RECIPMT, RO Panchkula, RO Mumbai, RO Jaipur and RO Thiruvananthapuram have also started sourcing green power.



On-site generation

We have an 979kWp in-house rooftop solar plant at our corporate office, 40 kWp rooftop solar plant at RECIPMT, 30 kWp rooftop solar at RO Panchkula, 18 kWp rooftop solar at RO Lucknow and 6 kWp rooftop solar at RO Vadodara for harnessing renewable energy to meet electricity requirements, thus reducing our carbon footprints.



Building design

REC's Corporate Office Building located in Gurugram is designed and constructed by using energy efficient facade and radiant cooling slabs to lower about 30% HVAC load requirement in the building to conserve energy.



Energy Monitoring & Management

We plan to monitor our real-time energy consumption across our facilities to identify high-consumption areas and inefficiencies across operations.



Emission Reduction Targets

REC has committed for Net Zero in its operations and has defined targets to reduce emissions. These targets will be supported by specific energy saving initiatives such as upgrading to energy-efficient lighting, optimizing HVAC operations, building design and promoting energy-saving behaviors among employees.



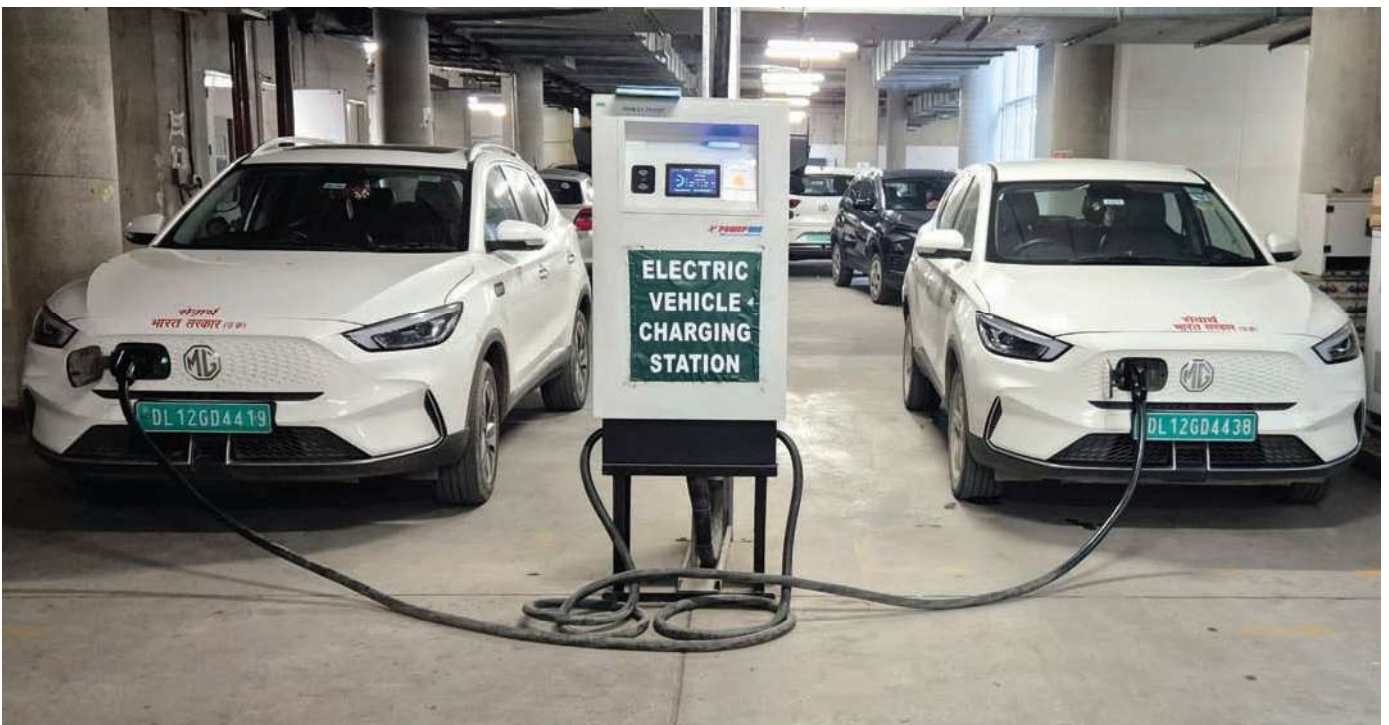
Behavioral change Programs

Employee engagement programs encourage energy-saving practices, such as turning off lights and equipment when not in use.



7.3.6 Using Electric Vehicles to Lower Emissions

REC took the initiative to transit its entire office fleet, including third-party vehicles to electric as part of its emission avoidance efforts. By the end of FY 2025-26, we achieved a significant 100% conversion of Office vehicle fleet to EV/ Hybrid.





7.4 Water Management

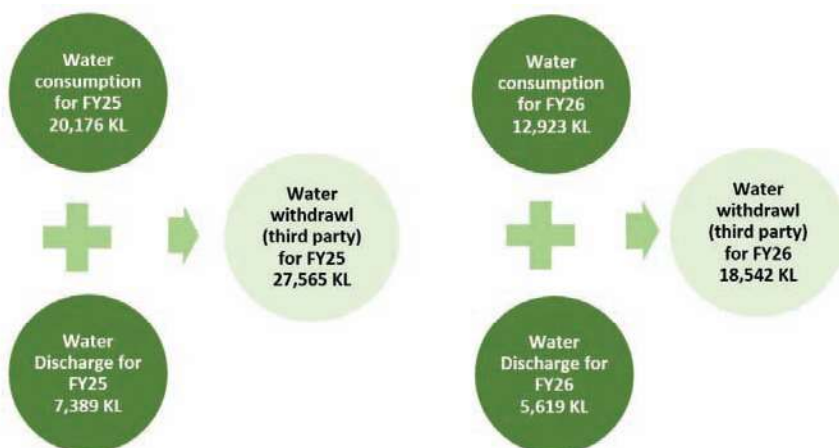
REC recognises that water is an essential resource for life and is committed to managing it responsibly. We closely monitor our usage and follow the 3R principle—reduce, reuse, and recycle. By applying modern technologies and carrying out regular maintenance, we work to ensure sustainable water management

We maximize every drop of water through efficient fixtures, on-site rainwater collection, and recycling. The water treated through our Sewage Treatment Plant (STP) is repurposed for essential activities like horticulture and flushing. Additionally, we collect and treat rainwater and water from purifiers to use in our HVAC systems.



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Water Consumed

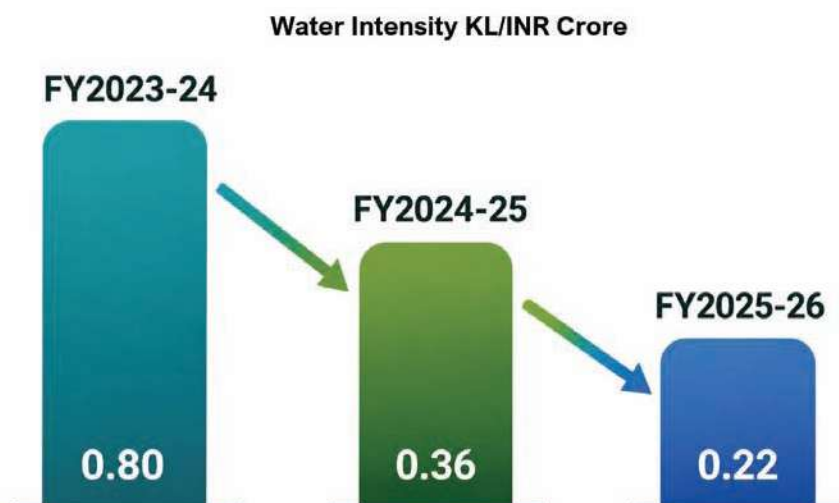


7.4.1 Sewage Treatment Plant (STP)

We have embraced a zero-liquid discharge (ZLD) policy at the REC corporate office. This commitment ensures that our current water discharges, including treated effluents and runoff, comply meticulously with all established regulations and standards, thereby preventing any adverse impact on local water bodies or their surrounding ecosystems. Our Corporate office equipped with efficient closed-loop system that support our Zero Liquid Discharge (ZLD) initiative, resulting in significantly reduced water withdrawal and minimal discharge of effluent into natural water bodies. Through these practices, we actively protect biodiversity and the ecosystems that support it.



In instances where we operate non-Liquid Discharge (ZLD) offices, we strictly follow all regulatory standards for wastewater discharge, safeguarding environmental integrity. We meticulously calculate our freshwater consumption by measuring the water sourced from third parties and subtracting the volume that is safely returned to the environment.



In the fiscal year 2025-26, we are proud to report a reduction in specific water usage compared to the previous fiscal year, 2024-25



7.4.2 Our Rainwater Harvesting Initiatives

REC actively promotes rainwater harvesting to conserve and make better use of this vital resource. Through its projects, the company helps tackle water scarcity and supports sustainable management practices. REC's decentralized & cost effective rainwater harvesting systems capture rainwater at the point it falls, strengthening water security for communities.

The collected rainwater undergoes treatment using filters and is repurposed for various uses throughout the building, including supplying water to the HVAC (heating, ventilation, and air conditioning) system. Approximately 7500 kilolitres of rainwater are utilised in this manner every year.

500 KL centralized storage of rainwater through two stormwater systems within the building premises



Storm water connection outside building premises



Rainwater tank at Basement 3



Sewage Treatment Plant (STP)



7.5 Waste Management

Effective waste management is central to our environmental strategy. Grounded in circular economy principles, we actively work to minimize operational waste, maximize recycling, and ensure responsible disposal of waste. Demonstrating our commitment to circular economy principles and environmental compliance, 35.18 tonnes of total waste - including 0.88 tonnes of e-waste was responsibly managed, treated and recycled by authorized waste management partners throughout FY2025-26.



7.5.1 Recycling Electronic Waste



In 2026, we continued to recycle 100% of the E-waste.

According to the United Nations, the world produces approximately 50 million tons of electronic waste (e-waste) annually, yet only 20% of this total is recycled correctly. Our information technology (IT) department maintains equipment that is no longer useful, functional, or obsolete through our certified vendor. To support future e-waste recycling efforts, we hosted a session for employees focused on how to dispose of their electronics responsibly. Also at REC Corporate Office, we have established an e-waste collecting unit where all employees dispose their e-waste or unused electronic waste.

7.5.2 Waste Reduction Strategies

Transitioning to digital processes has been a significant focus in our waste reduction efforts. By adopting electronic documentation and workflows, we have significantly reduced our paper consumption. Our goal is to achieve a fully paperless environment over the years, further minimizing our waste footprint.

Paperless initiatives

Waste Disposal and Treatment

We adhere to strict protocols for the handling and disposal of hazardous waste. REC partnered with 3rd party registered vendor for responsible waste management. All hazardous materials are collected, stored, and disposed of by the vendor in compliance with regulatory requirements. Our commitment to Waste Disposal ensures that these materials do not harm the environment or public health. Further, REC plans to phase out single use plastic water bottles from all its offices pan-India.