Chromewell Engineering Private Limited

Energy & GHG Emissions Reduction Policy

POLICY NO: CW-ENV-002 | VERSION: 4.0

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882/1, Pune Nagar Road, Sanaswadi, Taluka Shirur, 412208 Pune, Maharashtra, India.

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1. Document Information:

Document Details		Governance
Policy Owner: EHS Executive	**Scope:** All energy consumption and GHG emissions from Chromewell Engineering's manufacturing operations, warehouses, offices, and company vehicles. Covers Scope 1 (direct), Scope 2 (purchased electricity), and Scope 3 (upstream & downstream supply chain) emissions.	**Reviewed & Approved By:** CEO & CFO
Secondary Owner: Compliance Executive	**Applies To:** All processes including pressing, welding, cutting, plating, surface treatment, compressed air, HVAC, and lighting. All fuel use including diesel generators, and LPG, etc.	**Review Cycle:** Annual – Once a year

2. Purpose

Chromewell Engineering Pvt Ltd recognises that energy consumption is one of the most significant environmental impacts of its manufacturing. Activities such as pressing, welding, cutting, plating, and surface treatment processes are energy intensive. Reducing energy consumption and GHG emissions is central to our environmental strategy and required by our EU and USA customers under supply chain due diligence obligations, and increasingly subject to regulatory requirements including CBAM.

This policy establishes Chromewell's commitment to systematically measuring, reducing, and disclosing energy consumption and greenhouse gas emissions across Scope 1, 2, and 3, aligned with the GHG Protocol and ISO 50001.

This policy is aligned with:

- ISO 50001:2018 - Energy Management Systems
- GHG Protocol Corporate Standard (Scope 1, 2, 3)
- GRI 302: Energy (2016) and GRI 305: Emissions (2016)
- CSRD ESRS E1 - Climate Change (GHG reduction targets, climate transition plan)
- Science Based Targets initiative (SBTi) - 1.5°C aligned pathway
- EU Carbon Border Adjustment Mechanism (CBAM) - Regulation (EU) 2023/956
- Indian Energy Conservation Act 2001 and Bureau of Energy Efficiency (BEE) guidelines

3. Scope

This policy covers all energy consumption and GHG emissions associated with Chromewell Engineering's activities:

- Scope 1 - Direct: fuel combustion in furnaces, generators, vehicles, and on-site equipment; production process emissions.
- Scope 2 - Indirect: purchased electricity from the Pune & Dewas grid (market-based and location-based methods)
- Scope 3 - Value chain: upstream emissions from raw materials, supplier energy use, logistics, and downstream product use and end-of-life
- All manufacturing energy types: electricity, LPG, diesel, compressed air, and natural gas

4. Key Objectives and Targets

Chromewell Engineering defines overarching environmental objectives at the management system level. Detailed objectives and targets for each sustainability issue are set in the respective sub-policy.

GHG Emissions Issue	Key Objectives	Target
Scope 1 GHG Emissions - Direct	Reduce direct GHG emissions from fuel combustion and process operations through fuel switching, process efficiency improvements where feasible.	Scope 1 emissions: 63% absolute reduction by 2035 vs 2025 baseline and 100% by 2050 as per SBTi NetZero target settings. GHG inventory (Scope 1): verified annually per GHG Protocol
Scope 2 GHG Emissions - Purchased Electricity	Reduce purchased electricity consumption through energy efficiency measures and transition to renewable energy sources.	Scope 2 emissions (market-based): 63% absolute reduction by 2035 vs 2025 baseline and 100% by 2050 as per SBTi NetZero target settings. Renewable electricity share: ≥ 50% by 2030; 100% by 2035

		ISO 50001 certified energy management system: To be obtained by 2026
Scope 3 GHG Emissions - Value Chain	Measure and progressively reduce value chain emissions, engaging key suppliers - including smallholder suppliers - to report and reduce their operational emissions.	Scope 3 inventory: completed annually Top 10 suppliers by spend engaged on GHG reporting by December 2026 Scope 3 absolute reduction target: 100% by 2050 as per SBTi NetZero target settings.
Energy Intensity	Improve energy intensity (energy consumed per unit of production output) through operational improvements, process optimisation, and capital investment in efficient equipment.	Energy intensity: 20% improvement by 2030 vs 2025 baseline (kWh / tonne of output) Energy audit: completed every 3 years (BEE format) ISO 50001 energy performance indicators reviewed annually
Renewable Energy	Increase the share of renewable energy in total electricity consumption through on-site solar PV, open-access wind power, and renewable energy certificates.	On-site solar PV: Installation completed in year 2024-2025 and its operational currently. Renewable energy certificates (RECs): procured to cover residual electricity by 2027 Green power purchase agreement (PPA): evaluated by December 2026
CBAM Compliance	Comply with the EU Carbon Border Adjustment Mechanism for all products exported to the EU that fall within CBAM scope (iron, steel, aluminium automotive components).	CBAM embedded emissions inventory: established and reported annually from 2025 Operator CBAM data collection: 100% of CBAM-relevant materials covered

5. Governance and Allocation of Responsibilities

Clear accountability is assigned at every level of Chromewell Engineering's ESG Governance Structure. The table uses a RACI framework (Accountable, Responsible, Consulted, Informed).

Role / Designation	RACI Level	Department	Key Responsibilities Under This Policy
CEO/CFO	**Accountable (A)**	Executive	Final approval. Signs SBTi commitment letter. Receives annual GHG inventory and energy performance report. Approves energy efficiency capital investment budget.
EHS Executive	**Primary Owner (R)**	EHS / Operations	Manages energy data collection, GHG inventory preparation (Scope 1, 2, 3), ISO 50001 EnMS, energy audits, and site energy efficiency measures. Manages CBAM embedded emissions data.

Compliance Executive	**Secondary Owner (R)**	Compliance	Manages SBTi target submission, CDP climate disclosure, GRI 302/305 reporting, CSRD ESRS E1. Coordinates renewable energy procurement strategy.
Operations Manager	**Consulted (C)**	Operations & Production	Identifies and implements energy saving measures in production processes. Manages energy sub-metering by process area. Reports monthly energy consumption by production line.
Finance / CFO	**Consulted (C)**	Finance	Approves capital investment for energy efficiency upgrades. Reviews CBAM financial exposure and carbon pricing implications. Provides energy cost data for GHG cost-benefit analysis.
Purchase Manager	**Consulted (C)**	Procurement & Supply Chain	Manages procurement of renewable energy certificates and green power. Engages key suppliers on Scope 3 emissions data. Includes energy efficiency criteria in supplier selection.

RACI: A = Accountable (signs off, one person only) · R = Responsible (does the work) · C = Consulted (input required) · I = Informed (kept in loop).

6. Policy Commitments

6.1 GHG Inventory and Measurement

- Chromewell prepares an annual GHG inventory covering Scope 1, 2, and 3 emissions, per the GHG Protocol Corporate Standard using Clime Up GHG Software Platform.
- The GHG inventory is externally verified by a third-party verifier aligned to ISO 14064 every three years and reviewed annually
- Emissions data is reported in the annual Sustainability Report aligned to GRI 305 and CSRD ESRS E1
- For CBAM-relevant products (iron, steel, aluminium), embedded emissions are calculated and documented per CBAM Implementing Regulation requirements. The CBAM for Goods exported to EU is also calculated using Clime Up CBAM Software Platform.

6.2 Energy Efficiency Measures

- An energy efficiency improvement plan is prepared annually, identifying at minimum five priority actions with assigned owners, investment requirements, and expected savings
- Energy sub-meters are installed for all major energy-consuming processes (stamping press, welding lines, forging furnace, compressors, HVAC)
- An ISO 50001-aligned energy management system is maintained; energy performance indicators are reviewed monthly
- All new capital equipment purchases include an energy efficiency assessment as a mandatory part of the procurement decision
- Operational practices - production scheduling, compressed air management, lighting controls - are optimised for energy efficiency

6.3 Renewable Energy Transition

- Chromewell commits to a structured transition to renewable electricity, progressing from on-site solar to open-access wind/solar power through PPA.
- A solar PV has been installed in the year 2024 and it produces more than 22% of its overall energy consumption in Plant 1003 facility.
- A green power purchase agreement is evaluated with Maharashtra DISCOM and independent power producers

6.4 Supplier Energy and Emissions Engagement

Chrome well's Scope 3 emissions are dominated by upstream raw material processing (steel). We commit to:

- Engaging our top 10 suppliers by spend to report their operational energy consumption and Scope 1 and 2 emissions annually by December 2026
- Providing practical support to smallholder and micro-enterprise suppliers in the surface treatment and electroplating segment to measure and reduce their energy use
- Incorporating supplier GHG performance into supplier scoring by 2026

7. KPI Monitoring and Reporting

The following KPIs are tracked by the ESG Working Group, reported quarterly to the ESG Steering Committee, and published annually in the Chromewell Sustainability Report

KPI / Indicator	Target	Measurement Method	Cadence	Owner
Total Scope 1 GHG Emissions (tCO_2e)	63% reduction by 2035 Net-Zero by 2050	GHG inventory (GHG Protocol)	Annual	EHS Executive
Total Scope 2 GHG Emissions - market-based	63% reduction by 2035 Net-Zero by 2050	GHG inventory	Annual	EHS Executive
Scope 3 Emissions Inventory Coverage	Net-Zero by 2050	GHG inventory	Annual	Compliance Executive
Total Energy Consumption (MWh)	Tracked; intensity improving	Energy meters / utility bills	Monthly	EHS Executive
Energy Intensity (kWh / tonne output)	20% improvement by 2030 (current intensity is 376.87 cxcl CCI-Dewas)	EMS data	Monthly	EHS Executive
Renewable Electricity Share (%)	≥50% by 2027; 100% by 2030	Utility bills / REC certificates	Annual	Compliance Executive
Solar PV Installation Progress	Installed in 2024	Project tracker	Quarterly	EHS Executive
ISO 50001 EnMS Certification	Targeted by Dec 2026	Certification body	Annual	EHS Executive
CDP Climate Score	B or above by 2027	CDP platform	Annual	Compliance Executive

8. Policy Review Mechanism

Reviewed annually every April by EHS Executive and Compliance Executive with CEO approval. Interim review triggered by: SBTi validation outcome, significant change in CBAM scope, new renewable energy opportunity, or material change in production volume or process.

Version	Date	Author	Approved By	Summary of Changes
1.0	July 01, 2021	EHS Executive / Compliance Executive	Mr. Amardeep Mardhekar (CEO) Ms. Risha Naik (CFO)	Initial issue
2.0	May 03, 2022	EHS Executive / Compliance Executive	Mr. Amardeep Mardhekar (CEO) Ms. Risha Naik (CFO)	Minor edits on the Quantitative targets
3.0	June 05, 2025	EHS Executive / Compliance Executive	Mr. Amardeep Mardhekar (CEO) Ms. Risha Naik (CFO)	Updated to v3.0: KPI has been revised
4.0	Jan 14,2026	EHS Executive / Compliance Executive	Mr. Amardeep Mardhekar (CEO) Ms. Risha Naik (CFO)	Added related policies with clear accountability and ownership

9. Compliance, Non-Conformance, and Disciplinary Action

- Failure to report accurate energy or GHG data constitutes a policy violation subject to disciplinary action
- CBAM non-compliance is a regulatory offence subject to statutory penalties; the Head of Legal is informed immediately of any compliance risk
- Concerns are reported through the grievance mechanism - see Policy CW-ETH-004
- “Report a concern” form available on ChromeNet as an anonymous grievance redressal mechanism and, we have a dedicated hotline number published on the website to report any concern anonymously.

10. Related Documents and References

Internal policies:

- CW-ENV-001 - Environmental Management Policy
- CW-ENV-003 - Climate Transition Policy (SBTi, net-zero pathway)
- CW-ENV-004 - Water Stewardship Policy
- CW-PROC-SCM-001 - Sustainable Procurement Policy (REC and green PPA procurement)

External standards:

- ISO 50001:2018 - Energy Management Systems
- GHG Protocol Corporate Standard (Scope 1, 2, 3)
- ISO 14064 - GHG Quantification and Reporting
- GRI 302: Energy (2016) and GRI 305: Emissions (2016)
- CSRD ESRS E1 - Climate Change
- EU CBAM Regulation (EU) 2023/956
- Indian Energy Conservation Act 2001 / BEE Energy Audit Guidelines
- Science Based Targets initiative (SBTi) Corporate Standard

11. Formal Approval and Sign-Off

This policy has been prepared, reviewed, and formally approved:

Prepared By	Reviewed By	Approved By
Name: Mr. Kaka Rakshapasre **Designation:** EHS Executive **Date:** Jan 2026 **Signature:** _____	**Name:** Ms. Meghna Hazra **Designation:** Compliance Executive **Date:** Jan 2026 **Signature:** _____	**Name:** Ms. Risha Naik **Designation:** CFO **Date:** Jan 2026 **Signature:** _____

FOR FURTHER INFORMATION:

This policy is issued under the authority of the CEO & CFO of Chromewell Engineering Pvt Ltd. It supersedes v3.0 (June 2025). For further information or advice, please contact a Chromewell Finance or Compliance Officer or Chromewell's Board or Directors.