

# Chromewell Engineering Private Limited

## Climate Transition Policy

POLICY NO: CW-ENV-003 | VERSION: 4.0

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**1. Document Information:**

Document Details		Governance
<b>Policy Owner:</b> Compliance Executive	<b>Scope:</b> Chromewell Engineering's full value chain including own operations (Scope 1 & 2) and supply chain (Scope 3). Covers physical climate risk assessment, net-zero target-setting, and strategic transition planning.	<b>Reviewed &amp; Approved By:</b> CEO & CFO
<b>Secondary Owner:</b> EHS Executive	<b>Applies To:</b> All business functions, capital investment decisions, supplier relationships, and product development activities.	<b>Review Cycle:</b> Annual – Once a year

**2. Purpose**

Chromewell Engineering Private Limited (hereinafter referred to as “Chromewell”) recognises that climate change represents both a physical risk to our manufacturing operations and a transition risk to our business model. As an automotive parts manufacturer supplying EU and USA markets, Chromewell is exposed to customer requirements for low-carbon supply chains, regulatory requirements including CBAM, and physical risks including heat stress, water scarcity, and weather events may affect our Pune facility in long run.

This Climate Transition Policy establishes Chromewell's strategic commitment to align our business with a 1.5°C pathway, set Science Based Targets, disclose climate risks per TCFD, and develop a credible transition plan as required by CSRD ESRS E1.

Chromewell already defined its GHG emissions and drafted its decarbonization strategy in accordance with SBTi framework for Near-term + Net-zero commitments and it is currently under validations.

This policy is aligned with:

- Science Based Targets initiative (SBTi)- Corporate Net-Zero Standard
- Task Force on Climate-related Financial Disclosures (TCFD) - all four pillars
- CSRD ESRS E1 - Climate Change (physical risk, transition risk, GHG targets, climate transition plan)
- GRI 305: Emissions (2016) and GRI 201: Economic Performance
- CDP Climate Change questionnaire
- UN Framework Convention on Climate Change - Paris Agreement Article 4

### 3. Scope

This policy covers:

- Net-zero strategy and Science Based Targets - Scope 1, 2, and 3
- Physical climate risk assessment - acute and chronic risks to Chromewell's Pune site
- Transition risk assessment - policy, legal, technology, market, and reputational risks
- Climate-related financial disclosure - per TCFD and CSRD ESRS E1
- Just Transition considerations - ensuring the shift to low-carbon operations does not negatively impact smallholder suppliers or the local workforce

### 4. Key Objectives and Targets

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

Climate Issue	Key Objectives	Target
<b>Near-Term SBTi Targets</b>	Set and validate near-term Science Based Targets for Scope 1, 2, and 3 emissions aligned to a 1.5°C pathway.	SBTi commitment letter submitted: 2025 Near-term targets validated by SBTi: by December 2026  Scope 1 & 2 near-term target: 63% absolute reduction by 2035 vs 2025 baseline  Scope 3 near-term target: 42% absolute reduction by 2035 vs 2025 baseline
<b>Net-Zero Long-Term Target</b>	Achieve net-zero GHG emissions across the value chain by 2050 at the latest, with interim milestones every five years.	Net-zero by 2050 (Scope 1, 2, 3) Interim 2035 milestone: 70% reduction vs 2025 baseline  Residual emissions offset via high-quality, verified carbon removals only

<b>Physical Climate Risk Assessment</b>	Assess and manage physical climate risks - heat stress, water scarcity, flooding, extreme weather - to Chromewell's manufacturing operations and supply chain.	Physical climate risk assessment: completed by December 2025  Risk register updated annually  Adaptation measures for high-risk scenarios: implemented by 2027
<b>Transition Risk Assessment</b>	Identify and manage strategic, regulatory, and market transition risks including CBAM, CSRD, customer low-carbon requirements, and technology disruption in the automotive sector.	Transition risk assessment: completed by December 2025 Incorporated into annual business strategy review  CBAM financial exposure quantified and reported: annually
<b>TCFD / CSRD E1 Disclosure</b>	Disclose climate risks and opportunities in line with TCFD and CSRD ESRS E1, including governance, strategy, risk management, and metrics.	TCFD-aligned disclosure: published in 2026  Sustainability Report CSRD ESRS E1 disclosure: ready by 2026  Double materiality assessment: completed by December 2025
<b>Just Transition</b>	Ensure the transition to low-carbon operations is fair and does not create adverse economic or social impacts on smallholder suppliers, local communities, or the workforce.	Just Transition assessment: completed by December 2025  Smallholder supplier decarbonisation support: programme established by 2026  No involuntary redundancy resulting directly from climate transition measures

## 5. Governance and Allocation of Responsibilities

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

Role / Designation	RACI Level	Department	Key Responsibilities Under This Policy
<b>CEO/CFO</b>	<b>Accountable (A)</b>	Executive	Signs SBTi commitment letter. Sets climate ambition at Board level. Receives annual climate risk and target progress report. Approves climate transition capital investment.
<b>Compliance Executive</b>	<b>Primary Owner (R)</b>	Compliance	Leads climate transition strategy, SBTi target submission, TCFD/CSRD E1 disclosure, CDP response, physical and transition risk assessments, and Just Transition assessment.

<b>EHS Executive</b>	<b>Secondary Owner (R)</b>	EHS / Operations	Manages GHG inventory (input to transition plan), physical site risk assessment, operational decarbonisation measures, and adaptation of manufacturing processes to climate risks.
<b>Finance / CFO</b>	<b>Consulted (C)</b>	Finance	Quantifies CBAM financial exposure, carbon pricing scenarios, and climate-related investment costs and benefits. Integrates climate risk into financial planning.
<b>Operations Manager</b>	<b>Consulted (C)</b>	Operations & Production	Implements operational decarbonisation measures. Assesses adaptation requirements for heat stress and water scarcity in production processes.
<b>Purchase Manager</b>	<b>Consulted (C)</b>	Procurement & Supply Chain	Manages Scope 3 supplier engagement, smallholder decarbonisation support programme, and green procurement criteria aligned to the transition plan.

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

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### 6.1 Science Based Targets

- Chromewell commits to submitting an SBTi commitment letter in 2026 and having near-term targets validated by the Science Based Targets initiative by December 2026
- Targets cover Scope 1, 2, and material Scope 3 categories, aligned to a 1.5°C pathway
- Progress against SBTi targets is reported annually in the Sustainability Report and CDP Climate questionnaire

### 6.2 Physical Climate Risk Assessment

Chromewell's Pune facility faces specific physical climate risks relevant to Maharashtra:

- Acute: extreme heat events (impact on worker health and cooling energy demand), heavy rainfall and flooding (supply chain disruption) risk.
- Chronic: rising average temperatures (increased cooling costs), variable monsoon patterns (water supply), and sea level rise affecting coastal supplier logistics

### 6.3 Transition Risk Assessment

- Chromewell assesses transition risks annually across five categories: policy and legal (CBAM, CSRD, Indian carbon market developments), technology (electrification of automotive powertrain), market (customer low-carbon requirements from OEMs), reputational (sustainability ratings, media scrutiny), and supply chain (smallholder supplier capacity)
- Transition risk findings are integrated into Chromewell's annual business strategy review
- CBAM financial exposure is quantified annually and reported to the CEO and CFO

#### 6.4 TCFD and CSRD ESRS E1 Disclosure

- Chromewell publishes TCFD-aligned disclosures covering all four pillars - Governance, Strategy, Risk Management, Metrics & Targets - in the annual Sustainability Report from 2025
- A double materiality assessment for climate change is completed by December 2025 as required by CSRD ESRS E1
- CSRD ESRS E1 disclosures are prepared and published as part of the broader CSRD readiness programme by 2026

#### 6.5 Just Transition

Chromewell recognises that the transition to low-carbon operations must be fair:

- Smallholder and micro-enterprise suppliers in the surface treatment segment who rely on fossil fuel processes receive support - training, technical guidance, and phased timelines - to transition without being suddenly excluded from Chromewell's supply chain
- No involuntary redundancy will result directly from climate transition measures; where new skills are required, employees are retrained
- Local community impacts of Chromewell's transition plan - including energy infrastructure changes - are assessed and communicated

### 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
SBTi Commitment Letter Submitted	By Jun 2026	SBTi portal	Annual	Compliance Executive
SBTi Near-Term Targets Validated	By December 2026	SBTi validation letter	Annual	Compliance Executive
Scope 1 & 2 Reduction vs 2025 Baseline	42% by 2030	GHG inventory	Annual	EHS Executive
Scope 3 Reduction vs 2025 Baseline	25% by 2030	GHG inventory	Annual	Compliance Executive
Physical Climate Risk Assessment	Completed by Dec 2025	ESG records	Annual	Compliance Executive
Transition Risk Assessment	Completed by Dec 2025	ESG records	Annual	Compliance Executive
CSRD ESRS E1 Ready	By 2026	ESG records	Annual	Compliance Executive
CDP Climate Score	B or above by 2027	CDP platform	Annual	Compliance Executive
Smallholder Decarbonisation Support Active	Yes - by 2026	Supplier programme records	Annual	Compliance Executive

## 8. Policy Review Mechanism

Reviewed annually every April by ESG Lead with CEO approval. Interim review triggered by: SBTi validation outcome, material change in CBAM regulation, IPCC or physical risk data updates, or significant customer climate requirement changes.

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

## 9. Compliance, Non-Conformance, and Disciplinary Action

- Misrepresentation of GHG data or climate disclosures constitutes serious misconduct
- CSR and CBAM regulatory violations are reported to the Head of Legal immediately
- Concerns are reported through Policy CW-ETH-004 - Whistleblower Protection & Speak-Up Policy
- “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-002 - Energy & GHG Emissions Reduction Policy
- CW-PROC-SCM-001 - Sustainable Procurement Policy
- CW-ENV-008 - Product End-of-Life & ELV Compliance Policy

External standards:

- Science Based Targets initiative (SBTi) - Corporate Net-Zero Standard
- TCFD - Recommendations of the Task Force on Climate-related Financial Disclosures (2017, updated 2021)
- CSRD ESRS E1 - Climate Change
- GRI 305: Emissions (2016)
- CDP Climate Change Questionnaire
- EU CBAM Regulation (EU) 2023/956
- Paris Agreement - Article 4 (nationally determined contributions)
- IPCC Sixth Assessment Report (AR6) - physical risk scenarios

## 11. Formal Approval and Sign-Off

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

Prepared By	Reviewed By	Approved By
<p><b>Name:</b> Ms. Meghna Hazra  <b>Designation:</b> Compliance Executive  <b>Date:</b> Jan 2026  <b>Signature:</b></p> 	<p><b>Name:</b> Mr. Kaka Rakshapasre  <b>Designation:</b> EHS Executive  <b>Date:</b> Jan 2026  <b>Signature:</b></p> 	<p><b>Name:</b> Ms. Risha Naik  <b>Designation:</b> CFO  <b>Date:</b> Jan 2026  <b>Signature:</b></p> 

### 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.