Kirloskar Oil Engines

Kirloskar Oil Engines Limited

Environmental, Social & Governance (ESG) Policy

Introduction:

The ESG Policy ("Policy") establishes the basic guidance for effective integration of ESG into KOEL's business model and strategy to create long term value for all stakeholders and Company itself. The Policy sets intentions and direction of Kirloskar Oil Engines Limited ("KOEL"/ "the Company") related to environmental, social and governance aspects.

In addition to the above, KOEL recognises the importance of aligning its ESG approach with globally accepted sustainability frameworks and assessment methodologies, to enhance transparency, accountability, and long-term value creation.

Scope:

This Policy is designed to ensure unified and common approach across KOEL and shall be applicable to all business operations, and employees of KOEL and across its value chain.

This Policy shall also guide KOEL's engagement with key suppliers, contractors, and business partners, with a focus on identifying, assessing, and managing ESG risks and opportunities across the value chain.

Policy Guidelines:

KOEL is guided by its ESG vision to incorporate the best environmental and social considerations in all its business operations while ensuring good governance practices in line with the following guiding principles:

- Minimize impact on environment, climate and biodiversity by adopting sustainable business operations and conscious use of natural resources.
- Comply with all applicable environmental regulations and other legal requirements.
- Implement measures for effective management of water in the operations through reduce, reuse, and recycle measures.
- Make efforts to promote sustainable products and processes to manage the carbon footprint.
- Assess and implement measures for energy management through integration of energy-efficient technologies, energy saving initiatives, and promotion of renewable energy in the operations.

Kirloskar Oil Engines Limited
A Kirloskar Group Company

Regd. Office: Laxmanrao Kirloskar Road,
Khadki, Pune, Maharashtra - 411 003 India.
Tel: +91 (20) 25810341, 66084000
Fax: +91 (20) 25813208, 25810209
Email: info@kirloskar.com | Website: www.kirloskaroilengines.com
CIN: L29100PN2009PLC133351

- Make best efforts to promote circular economy by reutilization of resources and thereby reduce waste generation at source.
- Provide fair and equal opportunity to all employees irrespective of gender, race, caste, color, age, physical disability, and socio-economic status of the candidate.
- Create safe and healthy work environment for all employees with zero tolerance for discrimination, harassment in any form, bullying, violence.
- Take necessary steps to prevent any occupation risk and promote physical and mental well-being of employees.
- Conduct regular trainings and development programs for employees for their professional development and improve participation and teamwork.
- Undertake social responsibility to promote social welfare in line with KOEL's CSR initiatives.
- Follow the best corporate governance practices by maintaining transparency in the business, meeting applicable tax obligations and proper management of financial and non-financial risks.
- Act professional and fair by maintaining high standards of ethics and integrity in the entire business.
- Engage regularly in bidirectional communication with KOEL's stakeholders to understand their expectations and adapt strategy to provide long term sustainable value to them.
- Conduct regular trainings and ESG awareness sessions for all employees, suppliers, and other stakeholders.

Environmental (Climate & Resource Management):

KOEL has developed quantitative environmental targets along with defined KPIs, and these have been linked to the KRAs of relevant personnel. The company tracks progress against these targets and will continue to disclose year on year performance through ESG reporting framework.

KOEL is strengthening its pollutions-prevention framework by adopting standards and practices for air emissions control, waste and water management and responsible handling of hazardous waste across its operations.

- **Social (Human Rights & Value Chain)**

  KOEL has reinforced its social commitments by integrating human rights guiding principles and affirming zero tolerance for child labor, forced labor, and any form of modern slavery across its operations and value chain.

- **Governance & Risk Management**

  To enhance transparency and accountability, KOEL has established grievance redressal and whistleblower mechanisms, enabling employees, stakeholders and partners to report concerns confidentially and without retaliation.

  KOEL has enhanced its governance framework by formalizing commitments related to anti-bribery, anti-corruption, fair business practices and data privacy, ensuring compliance with ethical standards and regulatory expectation.

Responsible Supply Chain:

KOEL shall endeavor to implement a Supplier Code of Conduct aligned with ESG principles and integrate ESG criteria into supplier selection, evaluation, and engagement processes, including risk-based ESG assessments of key suppliers.

Monitoring, Disclosure & Assurance:

KOEL shall monitor ESG performance using defined metrics and targets, disclose ESG performance through statutory and voluntary disclosures including BRSR and sustainability assessments, and seek independent assurance of ESG data and disclosures, as appropriate.

Policy review:

This ESG Policy shall be reviewed to ensure its continued applicability and relevance to the Company's operations and evolving stakeholder expectations, as and when required.

The ESG Policy review shall also consider changes in regulatory requirements, developments in global ESG standards, and learnings from ESG assessments and stakeholder feedback.

For Kirloskar Oil Engines Limited

Sd/-
Gauri Kirloskar
Managing Director

Date: 11th February 2026
Place: Pune

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