HAPPY FORGINGS LIMITED

CLIMATE   POLICY

Version	Approval date	Description
Version 1	August 4, 2026	Original policy

1. Purpose

Happy Forgings Limited ("the Company") recognises that climate change presents significant environmental, social and economic challenges that have the potential to affect business continuity, operational resilience and long-term value creation.

The Company is committed to supporting the global transition towards a low-carbon and climate-resilient economy by integrating climate considerations into its business strategy, operations, investment decisions and stakeholder engagement. Through this Policy, the Company seeks to minimise the adverse impacts of its operations on the climate while enhancing operational efficiency, promoting sustainable growth and creating long-term value for all stakeholders.

2. Scope

This Policy applies to:

- all manufacturing facilities;
- offices, warehouses and other business locations;
- employees and directors;
- subsidiaries, where applicable; and
- contractors, suppliers and business partners to the extent relevant to their engagement with the Company.

3. Guiding Principles

The Company will:

- comply with all applicable climate-related laws, regulations and statutory requirements;
- align climate actions with national regulatory frameworks and India's climate commitments, including those under national policies and NDC targets;
- support the objectives of the Paris Agreement and global efforts to limit climate change;
- Ensure our climate objectives are aligned with the evolving needs and expectations of our customers, embedding sustainability across our business relationships and operational decision-making;
- continuously improve climate performance through innovation, technology and responsible resource management.

4. Climate Commitments

The Company is committed to:

4.1 Greenhouse Gas Emissions

- identify, measure and monitor greenhouse gas emissions across its operations;

- progressively reduce Scope 1 and Scope 2 emissions through operational improvements and cleaner technologies;
- assess material Scope 3 emissions and encourage value chain partners to improve their climate performance wherever feasible.

4.2 Energy Efficiency

The Company will seek to:

- improve energy efficiency across manufacturing processes;
- optimise energy consumption through process improvements;
- adopt energy-efficient equipment and technologies;
- monitor energy intensity and continuously seek improvement.

4.3 Renewable Energy

The Company shall continue to evaluate opportunities for increasing the use of renewable energy, improving energy efficiency, reducing greenhouse gas emissions intensity and adopting low-carbon manufacturing practices, in line with its long-term sustainability objectives.

4.4 Resource Conservation

The Company promotes efficient utilisation of:

- electricity;
- fuel;
- water;
- raw materials; and
- other natural resources

through sustainable operational practices.

4.5 Circular Economy

The Company promotes circular economy principles by:

- reducing waste generation;
- maximising recycling and reuse;
- improving material efficiency;
- encouraging responsible disposal of waste.

4.6 Sustainable Procurement

The Company encourages suppliers and business partners to:

- comply with environmental laws;
- adopt environmentally responsible practices;
- improve energy efficiency;
- reduce greenhouse gas emissions wherever practicable.

4.7 Climate Innovation

The Company promotes and encourages:

- cleaner production technologies;
- digitalisation;
- process innovation;
- low-carbon manufacturing practices;
- technological advancements that improve environmental performance.

5. Climate Risk and Opportunity Management

The Company recognises that climate change presents both risks and opportunities.

The Company will identify, evaluate and manage climate-related risks, including:

- physical risks arising from changing weather patterns;
- transition risks arising from changing regulations, technologies and markets;
- supply chain disruptions;
- energy availability and pricing;
- carbon-related regulatory developments.

The Company will also evaluate opportunities relating to:

- renewable energy;
- resource efficiency;
- green manufacturing;
- sustainable products;
- innovation and technological advancement.

6. Climate Adaptation and Resilience

The Company will seek to strengthen resilience by:

- integrating climate considerations into business continuity planning;
- improving preparedness for extreme weather events;
- promoting efficient water management;
- enhancing resilience of manufacturing operations and supply chains.

7. Stakeholder Engagement

The Company believes that meaningful climate action requires collaboration.

Accordingly, the Company will engage with:

- employees;
- customers;
- suppliers; and
- other stakeholders

to promote awareness, encourage responsible environmental practices and support collaborative climate initiatives.

8. Training and Awareness

The Company will periodically organise awareness programmes and capacity-building initiatives to strengthen employees' understanding of climate change, energy conservation, resource efficiency and sustainable business practices.

9. Governance

The Board of Directors shall provide overall oversight of the Company's climate-related strategy and performance.

The Risk Committee or ESG Committee shall periodically review:

- implementation of this Policy;
- climate-related risks and opportunities;
- environmental performance;
- progress against climate objectives; and
- emerging regulatory developments.

The Management shall be responsible for implementing this Policy across all business operations and ensuring integration of climate considerations into operational and strategic decision-making.

All employees shall support implementation of this Policy within their respective areas of responsibility.

10. Monitoring and Reporting

The Company will:

- establish appropriate mechanisms for monitoring climate-related performance;
- periodically review climate-related objectives and initiatives;
- maintain appropriate records of environmental performance;
- disclose climate-related information through applicable statutory and voluntary reporting frameworks, including the Business Responsibility and Sustainability Report (BRSR), wherever applicable.

11. Continuous Improvement

The Company is committed to continually improving its climate performance through:

- strengthening our management systems and monitoring practices;
- technological innovation;
- stakeholders' feedback;

12. Policy Review

This Policy shall be reviewed whenever required due to changes in applicable laws, regulations, business operations or emerging climate-related developments.

13. Dissemination

This Policy shall be hosted on the website of Happy Forgings Limited and shall be made available to all employees and other stakeholders as appropriate.