

Climate Risk and Strategy Report: Executive Summary

ACG Group

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About the Report

The Climate Risk Assessment (CRA) summary report for ACG has been prepared in accordance with the IFRS S2 Climate-related Disclosures standard, issued by the International Sustainability Standards Board (ISSB). This framework further enables the four pillars originally established by the Task Force on Climate-related Financial Disclosures (TCFD) and represents the current global baseline for high-quality, transparent reporting on climate-related risks and opportunities.

This report is being published with the objective of providing stakeholders with clear, consistent information to support informed decision-making. It outlines ACG approach across the mandatory thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets. This document serves as a specialized supplement to our Annual Report and Sustainability Report and underlines the Company's focus on climate risks as a part of the overall risk management system.

As a global leader in pharmaceutical manufacturing solutions, ACG Group is dedicated to creating value for our stakeholders. Through balanced yet robust commercial growth with sustainable practices, the Company operates at the heart of the healthcare supply chain while being agile and initiative-taking in addressing shifting regulatory, environmental, and socio-economic landscapes.

This CRA report aims at addressing ACG's comprehensive climate risk governance and management framework with focus on environmental impacts and long-term climate solutions. The Company ensures to focus on business continuity for life-saving medicines, while capitalizing on opportunities for sustainable innovation in the pharmaceutical industry.

Climate Risk Governance at ACG

To ensure effective implementation of its sustainability agenda, the Company has formulated a three tier Sustainability Governance Framework. The framework facilitates the formulation, implementation and governance of sustainability strategies and risk and opportunity management, including the risks and opportunities that stem from climate change.

Leadership Level:

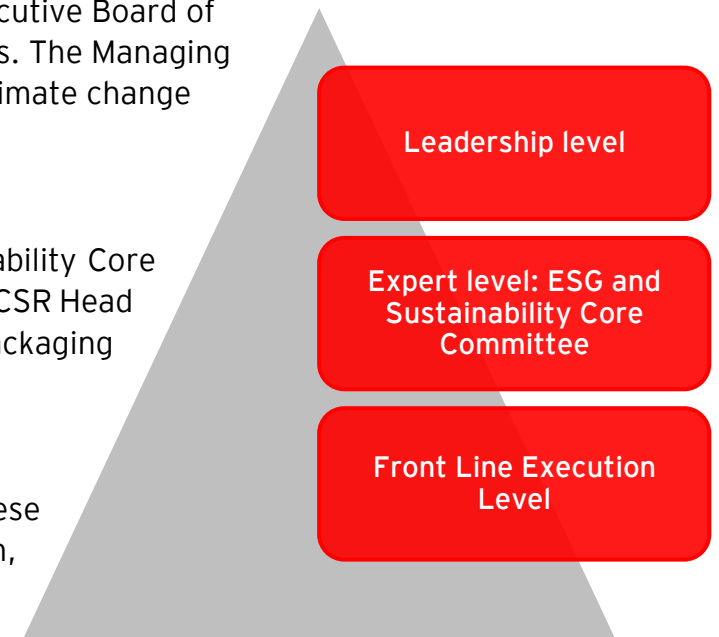
- At the top is our leadership level, where our Managing Director (also the non-executive Board of Director), who is responsible for decision making on Sustainability related aspects. The Managing Director's role includes providing oversight for key policies and ESG initiatives, climate change strategy, and reporting.

Expert Level:

- For further ESG integration, the Company has constituted the ESG and Sustainability Core Committee at expert level. This Committee is headed by Group Sustainability and CSR Head and supported by senior representatives from Capsules, Engineering, Packaging Materials, and Inspection business.

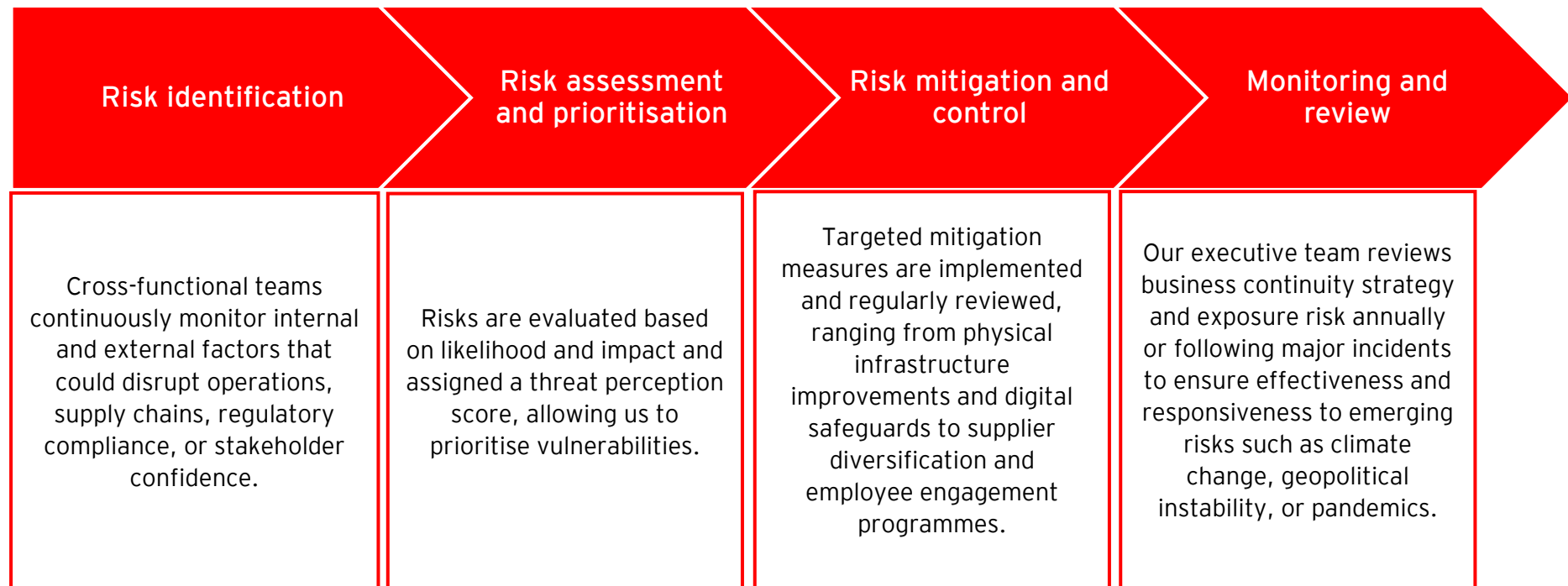
Front Line Execution Level:

- At ACG, Implementation is driven at the frontline by the ESG Working Groups. These groups consist of experts from various departments. They ensure local execution, integration, and monitoring of ESG actions. This further enables a seamless integrated of sustainability into day-to-day business practices across the entire organisation.



Risk Management Framework

ACG underlines the importance of sustainability and climate, while acknowledging that effective risk management is crucial in business. Towards this, the Company has implemented an Enterprise Risk Management (ERM) framework which facilitates the identification, assessment, and mitigation of ESG and climate risks. These risks and the risk management system have been integrated into the ERM of the Company through incorporation of climate assessments in the process.



Risk Identification

Risk management is a crucial part of how business is done at ACG. Hence, risk identification is deeply integrated within the Company's Enterprise Risk Management (ERM) framework and is aligned with diverse business operations across departments. This includes Capsules, Packaging Materials, Engineering, and Inspection, as well as its global manufacturing and supply chain footprint. Risks identification is done through structured, cross-functional engagement involving senior leadership, function heads, and plant-level management. The outcome of this exercise is obtained and integrated in the form of the Risk Register of the Company which is eventually presented to the Board and the Risk Management Committee.

Risk Prioritisation

Further to risk identification, the prioritisation of risks is done through a structured assessment. This evaluates both the likelihood of occurrence and the potential scale of impact on business, assessing parameters like continuity, financial performance, regulatory compliance, employee safety, environmental outcomes, and corporate reputation. ACG assigns a threat perception score on a rating scale, thereby ranking risks across business units and functions. High-priority risks, including climate-related risks, cybersecurity threats, supply chain disruptions, and regulatory non-compliance, are escalated to senior management and the Board for oversight, while medium and lower-priority risks are managed through defined functional controls and periodic review. For climate-related risks, ACG defines short-, medium-, and long-term time frames and evaluates residual risk after existing risk controls. This ensures focused resource allocation and integration of risk insights into strategic planning, business continuity, and sustainability decision-making.

Risk Mitigation

Risk mitigation strategies at ACG are formulated and implemented basis the outcomes of the risk identification and prioritisation process as per the ERM. These mitigation measures are designed through discussions with the senior leadership, business heads, ESG and sustainability teams, along with EHS, IT, procurement, and operational teams across the Capsules, Packaging Materials, Engineering, and Inspection businesses. For each identified risk, a designated risk mitigation owner is assigned, increasing accountability for implementation across relevant operations, functions, and geographies. These mitigation solutions are a mix of policy controls, process improvements, infrastructure upgrades, technology solutions, supply chain functions, and employee and worker training as well.

Monitoring and Reporting.

Risk monitoring and reporting at ACG is done through a formal governance and reporting system. Cross-functional teams at the operational level continually track risk parameters. Basis this they design mitigation plans, progressing on the same updates on the Company's risk profile. These are reviewed by the leadership periodically, further strengthening ACG's governance and oversight framework. The ERM and risk measures are reviewed and updated on an annual basis, subject to change as per any internal or external developments. These can include regulatory changes, climate-related events, or geopolitical disruptions.

Risk and strategy time horizon		
Time Horizon	Timeline (Years)	Rationale
Short term	0-5	In alignment with the company's strategy planning cycle, the short-term risk and opportunity management cycle has been defined as 5 years.
Medium term	5-10	A strategic timeframe that extends beyond regular planning periods, incorporating a wider strategy-led roadmap.
Long term	10+	Defined to formulate long-term growth objectives and address risks and opportunity aspects that will be significant in the long term.

Climate Risks

Identification and Mitigation

Categorization of Climate Risks

In accordance with the TCFD framework, the climate related risks included in the Company's risk register have been categorized as the following:

1. **Physical Risks:** These are risks emerging from sudden events or long-lasting alterations in climate patterns, leading to impairment of assets or disruption of the supply chain. Such physical risks result in operational interruptions or property destruction.
 - **Acute physical risks:** Floods, cyclones, and droughts
 - **Chronic physical risks:** Variation in temperature, precipitation patterns and water stress

2. **Transition risks:** The risks that stem from the transition towards a low-carbon economy, incorporating regulatory adjustments, technological modifications, and market transformations, aimed at fulfilling climate change mitigation and adaptation necessities.
 - **Policy and regulation risks**
 - **Technology risks**
 - **Reputation risk**
 - **Market risks**

Risk Category	Risk Sub-Type	Risk Description	
Physical Risk	Acute	Cyclone	
		Floods (coastal and riverine)	
		Drought	
	Chronic	Water stress	
		Temperature variation	
Transitional Risk	Policy and Regulation Risk	Risks arising from changes in climate-related policies and regulations	
		Technology Risk	Risks related to adoption or transition to new technologies
		Reputation Risk	Risks arising from stakeholder perception and expectations
		Market Risk	Risks driven by shifts in market demand or behaviour

Evaluation of Physical Risks

Scenario Analysis

The Company employs scenario analysis to predict the impact of climate related risks to assess the potential performance of the business under various future hypothetical scenarios, essentially evaluating resilience and robustness.

For chronic physical risks, the company has considered the most recent set of scenarios mentioned in the Intergovernmental Panel on Climate Change's (IPCC) AR6 (6th Assessment Report), also known as **Shared Socioeconomic Pathways (SSPs)**. These SSPs are projections of global socioeconomic changes up until 2100 and are utilized to generate greenhouse gas emissions scenarios under varying climate policies.

SSP	Scenario (Likelihood)	Estimated warming (2021-2040) Near term	Estimated warming (2041-2060) Mid term	Estimated warming (2081-2100) Long term	Very likely range in °C (2081-2100)
SSP1-1.9	Very low GHG emissions: CO ₂ emissions cut to net zero around 2050	1.5 °C	1.6 °C	1.4 °C	1.0 - 1.8
SSP1-2.6	Low GHG emissions: CO ₂ emissions cut to net zero around 2075	1.5 °C	1.7 °C	1.8 °C	1.3 - 2.4
SSP2-4.5	Intermediate GHG emissions (likely): CO ₂ emissions around current levels until 2050, then falling but not reaching net zero by 2100	1.5 °C	2.0 °C	2.7 °C	2.1 - 3.5
SSP3-7.0	High GHG emissions (unlikely): CO ₂ emissions double by 2100	1.5 °C	2.1 °C	3.6 °C	2.8 - 4.6
SSP5-8.5	Very high GHG emissions (highly unlikely): CO ₂ emissions triple by 2075	1.6 °C	2.4 °C	4.4 °C	3.3 - 5.7

SSP's across different time horizons

Evaluation of Acute Physical Risks

Acute physical risks refer to those that have abrupt disruptive impact, such as impact from cyclones, floods & droughts. Using historical data, The Company has performed a Business-As-Usual (BAU) analysis across its three businesses to geographically identify its plant locations that are susceptible to such acute events.

- i. Flood and drought risks have been analysed at latitude-longitude level using the [WRI aqueduct tool](#) under the baseline scenario.
- ii. Cyclone risks have been identified at district level using the National Disaster Management Authority's (NDMA) methodology document which is based on historical data.

Coastal Flood Risk

ACG Capsules:

Among ACG Capsules' plants, Kandivali, Scitech and Nariman point lie in the high-risk zone wherein these sites are highly prone to coastal floods. This is because this location is close to the ocean, the Arabian Sea. Talegaon is also close to the ocean which makes it highly prone. The same scenario stands for Thailand and UAE sites as well; the locations are close to the seas. For Pithampur, Shirwal, Chhatrapati Sambhajnagar, Brazil, Shirwal and Talegaon, the risk for a coastal flood is very low as these regions are far away from the coast.

ACG Packaging:

For ACG Pharma Pack (Packaging), the Shirwal plant is away from the coast and hence the risk for coastal flood is low. For UAE plant, precisely located in Sharjah is moderately far from the Ocean, hence the probability of a coastal flood lies in the medium to high-risk category. The site in Brazil is far from any water body, and the risk of coastal flood here is low.

ACG Engineering:

The plants for ACG Engineering are in Shirwal, Kandivali, and Talegaon. Kandivali in Mumbai lies close to the ocean, hence the risk for riverine flood is coastal. The plants located in Talegaon and Shirwal, far from the coast hence the risk for coastal flood is low.

ACG Inspection:

The ACG Inspection site in Kandivali is close to the ocean in the coastal city of Mumbai, hence the risk of a coastal flood here is high.

ACG Corporate offices:

Both ACG's corporate offices are located close to the ocean. One in Scitech, in Jogeshwari, Mumbai and the other Dalamal House, in South Mumbai near Nariman Point, the coastal flood is in the very-high risk category.

Riverine Flood Risk

ACG Capsules:

Among ACG Capsules' plants, Dahanu, Kandivali and Shirwal lie in the very high-risk zone wherein these sites are highly prone to coastal floods. This is because the Dahanu and Kandivali sites are very close to the ocean, the Arabian Sea, meanwhile Shirwal is close to the River Nira. Pithampur away from any water body lies in the low to medium category, same is the case for the plant in Croatia. The site in Chhatrapati Sambhajnagar lies in the medium to high zone, so does the site in Brazil. ACG Capsules in Thailand is least prone to any riverine flood, coming in the low category.

ACG Packaging:

For ACG Pharma Pack (Packaging), the Shirwal plant, again close to the river is highly prone to riverine floods and comes under the very high-risk category. The UAE plant, precisely located in Sharjah is close to the Ocean, hence the probability of a riverine flood lies in the high-risk category. The site in Brazil is far from any water body, and the risk of riverine flood here is low to moderate.

ACG Engineering:

The plants for ACG Engineering are in Shirwal, Kandivali, and Talegaon. Kandivali in Mumbai lies close to the ocean, hence the risk for riverine flood is very high. The plant located in Talegaon, is close to the Purna River, which brings the riverine flood risk here in the very high category. The Shirwal plant is moderately close to the Nira River which makes the riverine risk 'high' here.

ACG Inspection:

The ACG Inspection site in Kandivali is close to the ocean in the coastal city of Mumbai, hence the risk of a riverine flood here is very high.

ACG Corporate offices:

Both ACG's corporate offices are located close to the ocean. One in SciTech, in Jogeshwari, Mumbai and the other Dalamal House, in South Mumbai near Nariman Point, the riverine flood is in the very-high risk category.

Drought Risk

ACG Capsules:

Among ACG Capsules' plants, Dahanu, Shirwal, Talegaon and UAE have a very high risk of drought as the groundwater exploitation is extremely severe. For Pithampur, Kandivali, Thailand, Talegaon, Scitech and Dalamal House at Nariman Point are also deeply exploited and lie in the high-risk category. Brazil and Croatia with a stable ground water table lie in the medium-risk zone for droughts.

ACG Packaging:

For ACG Pharma Pack (Packaging), the Shirwal plant and the Sharjah plant lies the very high-risk category, being deeply exploited in terms of the water table.

ACG Engineering:

The plants for ACG Engineering are in Shirwal, Kandivali, and Talegaon. Kandivali in Mumbai lies in the high-risk zone for droughts. Shirwal and Talegaon are very highly prone since the groundwater in the region has depleted severely.

ACG Inspection:

The ACG Inspection site in Kandivali is highly prone to drought risk, since the region's water table is deeply exploited, heavily being dependent on third-party water sources.

ACG Corporate offices:

Both ACG's corporate offices are highly prone to drought risk, since the region's water table is deeply exploited, heavily being dependent on third-party water sources.

Cyclone Risk

ACG Capsules:

Among ACG Capsules' plants, Dahanu, Shirwal, Talegaon, Pithampur, Croatia and Brazil have a low tendency to be prone to cyclones, since these locations are away from areas of any cyclonic activities. Kandivali, SciTech and Dalamal House, being close to the Ocean are highly prone to cyclonic risks. Thailand and UAE are away from the ocean, hence moderately prone to cyclones.

ACG Packaging:

For ACG Pharma Pack (Packaging), the Shirwal plant is a low-risk zone for cyclones, as it is away from the coast. The UAE site located in Sharjah plant lies the moderately-prone risk category.

ACG Engineering:

The plants for ACG Engineering are in Shirwal, Kandivali, and Talegaon. Kandivali in Mumbai lies in the high-risk zone for cyclones. Shirwal and Talegaon are low-risk prone since they are located away from the coast.

ACG Inspection:

The ACG Inspection site in Kandivali is highly prone to cyclone risk, since the region is close to the ocean.

ACG Corporate offices:

Both ACG's corporate offices are highly prone to cyclone risk, since the regions are close to the ocean

Evaluation of Chronic Risks

Chronic physical risks are long-term and consistent changes in climate patterns. These include high temperatures, rainfall, and water stress. To thoroughly assess these risks, ACG has conducted a climate scenario analysis to identify and evaluate long-term impacts of potential chronic risks on its operational sites.

Water Stress

Formally defined as the proportion of human and societal demand for water proportional to its availability, the projections for water stress were made based on a combination of future scenarios¹ provided by the IPCC in their AR5 and AR6 reports. These are known as Representative Concentration Pathways (RCPs)² and Shared Socioeconomic Pathways (SSPs)³.

Detailed scenario-wise description for water stress is depicted below:

1. *Pessimistic*: The 'pessimistic' scenario (SSP3 RCP8.5) represents a separated world with unequal economic development, intense and high population growth, lower GDP growth, and a lower rate of urbanization. All this potentially affects water usage; and enable a steady rise in GHG emissions globally. In this scenario, carbon dioxide reaches to 1370 ppm by 2100 and global mean temperatures increasing by 2.6-4.8°C in comparison with 1986-2005 levels.
2. *Optimistic*: The 'optimistic' scenario (SSP1 RCP2.6) represents a future that limits the rise in average global surface temperatures by 2100 to 1.3°C to 2.4°C as compared to preindustrial levels (1850-1900). This scenario showcases rapid and efficient socioeconomic growth with stringent environmental regulations and effective institutions, rapid technological change and improved water use efficiencies, and low population growth, leading to a better climatic scenario.
3. *Business as usual scenario*: The 'business as usual' scenario (SSP2 RCP8.5) represents a stable world with steady economic development and evened out rising of global GHG emissions, with carbon dioxide concentrations reaching 1370 ppm by 2100 and global mean temperatures increasing by 2.6-4.8°C when compared to 1986-2005 levels.

¹ The [WRI aqueduct tool](#) has been leveraged for identification and analysis of water stress.

² Representative Concentration Pathways (RCPs): Contains a set of starting values and the estimated emissions up to 2100, based on assumptions about economic activity, energy sources, population growth and other socio-economic factors.

³ Shared Socioeconomic Pathways (SSPs): Scenarios of projected socioeconomic global changes up to 2100. They are used to derive greenhouse gas emissions scenarios with different climate policies.

Scenario analysis was conducted for varying incidence of water stress, leveraging the [WRI aqueduct tool](#) for all the above-mentioned scenarios.

For ACG, considering the projected water stress across all SSP scenarios, water stress risk was assessed and analysed across the Company's operational locations. The analysis indicates that 44% of ACG's operational sites fall within very high-water stress-prone regions, while 11% are classified as highly prone. However, 33% of locations are assessed as not prone to water stress, and the remaining 11% are situated in regions with a very low probability of experiencing water stress.

Precipitation variability

Climate change can intensify and alter rainfall patterns. Oceans turning warmer directly increase the volume of water evaporating into the atmosphere which eventually can result in heavier precipitation increased rain and snowstorms. These can lead to crop damage, soil erosion, and an escalated risk of flooding and its health-related effects like injuries and drownings. Runoff from this precipitation can also lower water quality as land pollutants seep into water bodies. Recent years have seen a consistent increase in frequent dry spells (27% higher during 1981-2011 compared to 1951-1980) and intense wet spells during India's summer monsoon season. There has been a global increase in the occurrence of localized heavy precipitation due to increased atmospheric moisture content. In central India, the frequency of daily extreme rainfall exceeding 150 mm per day surged by approximately 75% during 1950-2015.⁴

For ACG, based on the SSP scenarios, a detailed precipitation risk assessment was conducted across all ACG locations. Broadly, both under the pessimistic and optimistic conditions, the precipitation risk remains on the higher end, whereas in a business-as-usual scenario, it remains moderate.

Temperature Variation

From 1901 to 2020, India experienced an average annual mean temperature rise of 0.62°C per century. Interestingly, the maximum temperature exhibited a considerable increase (0.99°C per century), whereas the minimum temperature noted a relatively lower rise (0.24°C per century). Over the last three decades, the Northern, Central, and Eastern/North-eastern parts of India have noticed both maximum and minimum temperature increases. Daily maximum temperatures have seen more significant increases than daily minimum temperatures, except for a small area in the North-western region.

Temperature rise, alongside other climate aspects, is likely to affect the technology deployments across the Company's plants. Energy costs tied to cooling are intertwined, yet cutting down these demands could enhance long-term tech efficiency and cost-effectiveness. As per The India Meteorological Department (IMD), a "severe heatwave" is declared if the actual maximum

⁴ [Home | Climate Change Knowledge Portal \(worldbank.org\)](#)

temperature exceeds 47°C while a “heatwave” is considered when the maximum temperature of a station reaches at least 45°C or more for plains and at least 30°C or more for mountainous regions. Temperature variation risk has been identified against the threshold value of 45°C. For ACG, based on the SSP scenarios, a detailed temperature risk assessment was conducted across all ACG locations. Broadly across all scenarios, it remains on moderate.

Evaluation of Transition Risks

The Company has identified transition risks related to climate change as the Company is transitioning towards a low-carbon business model. These risks encompass regulatory changes, technological advancements, and market reforms aimed at addressing climate change mitigation and adaptation needs.

Category	Transition risk description
Policy & Regulation - Current	ACG operates across Capsules, Packaging Materials, Engineering, and Inspection businesses in a highly regulated Indian and global environment. Compliance and regulatory obligations arise from the Energy Conservation Act, 2001, environmental protection laws, apart from other waste and water regulations, and pharmaceutical GMP requirements. SEBI also has its mandates through the BRSR mandates requiring enhanced ESG reporting including, energy and emissions disclosures. Increasing regulatory pressure and non-compliances can raise compliance costs, require operational process changes, and increased reporting and audit requirements across all operational functions of the Company.
Policy & Regulation - Emerging	India’s transition toward a low-carbon economy includes the proposal introduction of Indian Carbon Market under the Energy Conservation (Amendment) Act, 2022, This will introduce future carbon pricing and emissions intensity benchmarks. International mechanisms such as EU CBAM create additional exposure for ACG’s export-oriented Packaging Materials business, requiring more of Product Carbon Footprint (PCF) data, supplier emissions

	transparency, and value-chain decarbonisation. Expansion of operations under a business-as-usual scenario could increase financial exposure if emissions are not mitigated in parallel.
Technology	Transitioning to low-carbon and energy-efficient technologies across ACG's manufacturing footprint may require significant capital investment, change in process or equipment. This directly affects energy-intensive processes in capsules manufacturing and packaging materials as well as engineering operations that must continuously redesign machinery to meet evolving efficiency and sustainability standards. Technology-led risks include lack of technology upgrades, redundance, learning, training, and lack of process evolution,
Markets	Shifting customer and regulatory expectations toward sustainable and low-carbon pharmaceutical products, sustainable packaging, energy-efficient processes with, and transparent value chains can potentially influence demand, pricing, and business competitiveness. Customers increasingly expect disclosures around product's GHG footprint, circular and ecofriendly materials used in manufacturing, and green procurement practices. Parallely, energy price volatility and uncertain prices of raw materials in India and other operating regions can potentially impact operating costs and margins across manufacturing and coordination operations.
Reputation	ACG's reputation as a global pharmaceutical leader is closely backed by its sustainability efforts. Failure to meet its commitments, targets or goals can lead to negative stakeholder perception among stakeholders. This can also create inconsistency between stated commitments and actual performance may potentially impact brand trust, loyalty, reputation, and value.

Evaluation of Climate-related Opportunities

The Company has adopted a climate change strategy and governance framework. ACG also believes that a low carbon future holds many opportunities including resource efficiency and access to new markets and low carbon solutions.

Type	Climate-related Opportunities
Resource efficiency and resilience	ACG is optimising the use of energy, water, and materials across its operations, committing to energy efficiency through targets and upgrades. This aims to facilitate operational resilience and reduced operating costs. Integration of digital tools, advanced manufacturing technologies, and circular economy practices.
Energy efficiency	ACG routinely upgrades its technologies and manufacturing processes to optimise energy consumption. This includes utilization of advanced, energy-efficient equipment, switching to low-carbon energy mixes, including replacement of high-speed diesel with biodiesel, to lower overall GHG emissions and combat rising fuel prices. The Company has also enabled IoT-enabled process optimisation, real-time monitoring, and digitalisation across manufacturing facilities.
Reduced water usage and consumption	ACG has been working towards sustainable water stewardship by reducing freshwater withdrawal and maximising reuse and recycling. The Company has implemented rainwater harvesting systems, Zero Liquid Discharge (ZLD) facilities at select plants, and the implementation of IoT-based monitoring systems to track and optimise water consumption.
Circular materials and product innovation	ACG aims to revamp its waste management processes through circular product design and material innovation. This includes development of recyclable, biodegradable, compostable, and toxin-free packaging materials, plant-based capsules, and resource-efficient technology and machinery, enabling reduced lifecycle emissions and supporting customer sustainability goals.

Renewable energy	The Company is progressively increasing committing to cleaner energy targets as well as increasing the share of renewable energy in the overall energy mix. This supports emissions reduction, cost stability, and alignment with Company's long-term ambitions to operate on 100% renewable energy.
Value-chain and market opportunities	Through Product Carbon Footprint assessments, focus on green procurement, local sourcing, and alignment with emerging regulations such as EU CBAM, ACG is strengthening its market positioning by offering sustainable products built from sustainable processes.

Risk Mitigation Strategies

Physical risks: Acute and Chronic	
Type	Strategy
Acute Physical Risks	<p>ACG has established a comprehensive risk management and business continuity framework to address acute climate-related physical risks such as flooding, extreme rainfall, heat waves, and infrastructure disruption.</p> <p>Every manufacturing facility follows a structured emergency preparedness and business continuity plan in case of any disaster or emergency situations. This includes all relevant and necessary disaster management protocols, periodic mock drills, emergency response planning, and infrastructure resilience measures. Facilities located in risk-prone areas have incorporated relevant mitigation design features against calamities including flooding, cyclones, and heavy precipitation. Additionally, all facilities and offices at ACG have valid insurance coverage for climate related natural disasters. This financial instrument further safeguards climate-induced damage to business assets, inventory, and goods in transit, thereby reducing financial exposure from extreme weather events.</p>
Chronic Water Stress	All ACG facilities mitigate water scarcity risks by implementing water recycling and rainwater harvesting systems.

	<p>All the Indian capsule manufacturing operations are equipped with dedicated wastewater treatment systems and operate with Zero-Liquid Discharge (ZLD), enabling 100% recycling and reuse of treated water within operations. At the facilities in Brazil and Europe, treated effluent from internal wastewater systems is directed to nearby Common Effluent Treatment Plants (CETPs), in accordance with applicable environmental regulations. All ACG Packaging Materials manufacturing facilities treat wastewater through a combination of Effluent Treatment Plants (ETPs) and Sewage Treatment Plants (STPs). The treated water is further purified through Reverse Osmosis (RO) and is reused for sanitary and landscaping purposes. These actions signify ACG's efforts towards judicious water management practices.</p>
<p>Chronic Temperature Variation / Heat Stress</p>	<p>ACG has continuously and incrementally implemented occupational health and safety measures to protect employees during seasons of extreme heat and hot seasons. This is primarily done through improved cooling systems, green buildings, and adjusted working hours for labour safety.</p> <p>The Company also has effective controls for periodic, preventive, and predictive maintenance of machinery and utilities, including regular inspections to prevent overheating and efficiency losses. Additionally, at all manufacturing facilities, plantations and green belt development is conducted to reduce local heat stress, improve microclimate conditions, and enhance environmental resilience.</p>

Transition risks	
Type	Strategy
Policy and regulation: Current regulation	ACG maintains full compliance with all applicable environmental, safety, and pharmaceutical sector specific regulations applicable across geographies through a robust ESG governance framework overseen by the Board and the ESG & Sustainability Core Committee. The Company aligns its sustainability disclosures transparently with globally recognised frameworks such as GRI, TCFD, and DJSI, and ensures adherence to GMP, SHE standards, data integrity, and regulatory compliance across operations.
Policy and regulation: Emerging regulation	ACG is proactively preparing for emerging climate and carbon-related regulations by committing to science-based climate action. ACG Packaging Materials' GHG emission reduction targets have been validated by the Science Based Targets initiative (SBTi), with a commitment to achieve net-zero GHG emissions across Scope 1, 2, and 3 by 2050. Product Carbon Footprint (PCF) assessments have been initiated for key products to prepare for mechanisms such as CBAM and future carbon pricing regimes.
Technology	The Company continuously upgrades manufacturing technologies to improve energy efficiency, reduce emissions, and enhance resource efficiency. This includes deployment of IoT-enabled process efficiencies, advanced manufacturing technologies, digitalisation (AI, real-time analytics), and adoption of Fourth Industrial Revolution (4IR) solutions, as demonstrated by the Pithampur Capsules facility's recognition under the World Economic Forum's Global Lighthouse Network.
Markets	ACG strengthens its market positioning through sustainable product innovation, transparent supply chains, and green branding. The Company is also investing towards innovation in materials and strategic collaboration with green technology partners. Additionally, ACG is also committed towards working with a variety of supplier groups for its business continuity. This is oriented towards tackling potential risks around fluctuation in raw material prices due to various external reasons.
Reputation	ACG has embedded sustainability into its corporate strategy through a purpose-led approach focused on environmental responsibility, social equity, and ethical governance. The Company has established structured stakeholder engagement mechanisms, transparent sustainability reporting, external assurance of non-financial data, and clear sustainability targets. These actions mitigate potential reputational risks arising from failure to meet climate related targets, regulatory non-compliance, or stakeholder expectations related to ESG performance.

Climate Change Performance and Metrics

Targets

ACG Pharmapack

Commitment to achieve net-zero greenhouse gas emissions across Scope 1, Scope 2, and Scope 3 by 2050 (ACG Packaging Materials), validated by the Science Based Targets initiative (SBTi).

Near term

- Reduce absolute Scope 1 and 2 GHG emissions 54.6% by FY2033 from a FY2023 base year
- Reduce Scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities, and upstream transportation and distribution by 61.1% per tonne of products produced within the same timeframe*

Long-term science-based targets

- Reduce absolute Scope 1 and 2 GHG emissions by 90% by FY2050 from a FY2023 base year
- Reduce Scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities, and upstream transportation and distribution by 97% per tonne of products produced within the same timeframe*

*The target boundary includes land-related emissions and removals from bioenergy feedstocks

ACG Associated Capsules

ACG Associated Capsules Private Limited has committed to achieve net-zero greenhouse gas emissions across the value chain by FY2050

Near-term

- Reduce absolute scope 1 and 2 GHG emissions 67.2% by FY2036 from a FY2025 base year*
- Reduce scope 3 GHG emissions 68.7% per million capsules produced within the same timeframe

Long-term

- Reduce absolute scope 1 and 2 GHG emissions 90.0% by FY2050 from a FY2025 base year*
- Reduce scope 3 GHG emissions 97.0% per million capsules produced within the same timeframe

*The target boundary includes land-related emissions and removals from bioenergy feedstocks

Key Performance Indicators (includes only Capsules, Packaging and Corporate)

Scope 1 Emissions

FY 2024-25	
Scope 1 emissions (tCO ₂ e)	21,366.95

Scope 2 Emissions

FY 2024-25	
Scope 2 emissions (tCO ₂ e)- location based	92,313.37
Scope 2 emissions (tCO ₂ e)- market based	89,582.48

Biogenic Emissions

FY 2024-25	
Biogenic emissions (tCO ₂ e)-	4,605.92

Scope 3 Emissions

Categories	Emissions FY 2024-25 (tCO ₂ e)
Purchased goods and services	2,66,695.76
Capital goods	14,117.60

Fuel and energy-related activities	20,119.89
Upstream transportation and distribution	25,310.04
Waste generated in operations	1,346.78
Business travel	4,318.76
Employee commuting	1,590.73
Downstream transportation and distribution	20,470.02
Processing of sold products	9,437.13
End-of-life treatment of solid products	520.77
Total Scope 3 emissions	3,63,927.48