

CLIMATE RISK ASSESSMENT

IFRS S2 Report



Compressed
Natural Gas



Piped
Natural Gas



LNG for Transport
and Mining



e-Mobility



Biomass
(Compressed Biogas
and Organic Fertiliser)

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Executive Summary

This Climate Risk Assessment report is prepared in alignment with the IFRS S2 'Climate-related Disclosures' issued by the International Sustainability Standards Board (ISSB), highlights ATGL's proactive approach to addressing climate risks. ATGL is deeply committed to integrating climate consciousness into its operations and strategy while catering to a service area covering nearly 14% of country's population. The report offers a detailed analysis of ATGL's exposure to climate-related risks and underscores its resilience through robust mitigation strategies and sustainability initiatives. It provides transparent and comparable disclosures about the impacts of climate change on the organization and the measures undertaken to address these challenges.

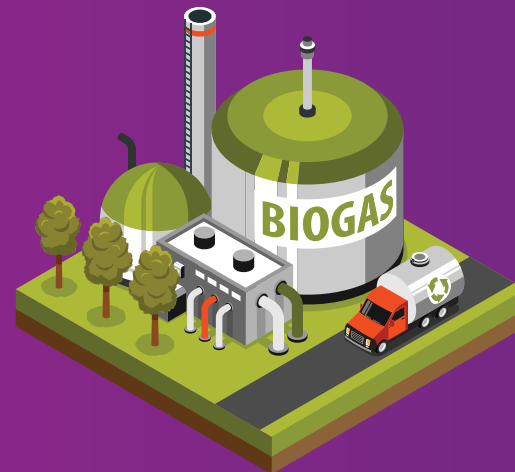
A comprehensive physical risk assessment was conducted for four key Geographical Areas (GAs) — Ahmedabad, Vadodara, Faridabad and Khurja, which collectively contribute approximately 75% of ATGL's revenue as of the fiscal year ending March 31, 2024. Through this report, ATGL reaffirms its dedication to fostering resilience and advancing its climate-conscious vision, ensuring alignment with global reporting standards.



Road to Mission Zero

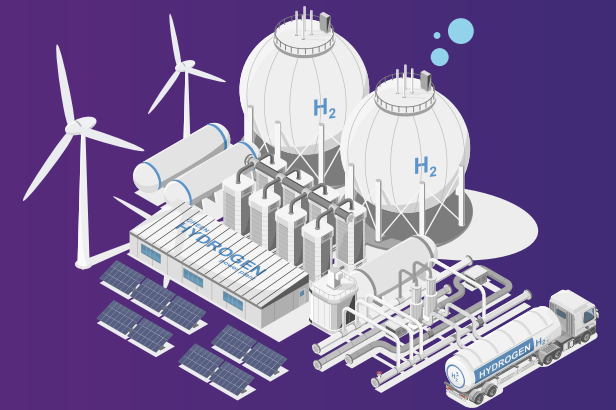
ATGL is making significant strides in its journey towards achieving Net Zero Emissions for Scope 1 and Scope 2 emissions by 2045, focusing on lowering energy intensity and reducing greenhouse gas emissions through the adoption of energy-efficient technologies, renewable energy sources and other decarbonization initiatives.

Our approach is aligned with India's commitment to becoming Net Zero by 2070, and ATGL has taken proactive measures to contribute to the country's Nationally Determined Contribution (NDC) targets under the Conference of Parties (COP) agreements. Supported by the ESG goals of Adani Group and TotalEnergies, we have implemented a comprehensive decarbonization roadmap designed to support a gradual, yet impactful reduction in our emissions footprint. Our climate change policy, guides our strategy and operational decisions to optimize energy usage and emissions, utilizing renewable energy sources, advanced technologies, and low-carbon solutions within our operations. The pathway to Net Zero is structured around several decarbonization levers, as outlined in our strategy. These include Transparent Reporting of GHG Emissions, Maturity of Low-carbon Business, Renewable Energy & Energy Efficiency, Investment in Low-carbon Technology, Carbon Pricing, Supply Chain Engagement, and Carbon Sinks and Offsets. We aspire to digitize our emissions inventories and established in the process of goal setting and reduction strategies, backed by verification and assurance protocols that align with the GHG Protocol and other international standards. In addition, we are investing in sustainable business practices, such as e-mobility and biomass, which allow us to offer low-carbon solutions to the community.



2045

Deployment of Low carbon technologies and offsets to attain Net Zero operational emissions



2030

Impact of ATGL's migration towards low carbon business



2026

Initial Progress and impact of ATGL's decarbonization initiatives

2021

Decarbonization Levers



Transparent reporting of CHG Emissions




Digitalization of Emission Inventories




Goal Setting & Reduction Strategies




Verification & Assurance




Maturity of Low Carbon Business




E-Mobility




Biomass




Renewable Energy & Energy Efficiency




Diversification of renewable portfolio




Replacement of Fossil Fuels




Reduced Energy Demand



Investment in Low Carbon Technology



Carbon Capture, Utilization & Storage



Green Hydrogen



Supply Chain Engagement



Clean procurement policies



Capacity Building



Innovative business models



Carbon Pricing



Pricing Mechanism



Risk management



Project Evaluation & Incentives



Carbon sinks and Offsets



Mass plantation



Carbon and Green credits



Community Engagement

The climate risk assessment study identifies and evaluates potential risks posed by climate change to assets, operations and stakeholders. It aids the organization anticipate, adapt and mitigate risks related to physical and transitional changes in the climate, ensuring business resilience and sustainability.



Physical Risks

This assessment evaluates the direct and indirect impacts of climate change on an organization's operations, assets, and supply chain. It involves analysing acute risks like extreme weather events like floods, cyclones, drought etc, and chronic risks such as long-term changes in temperature or precipitation patterns. These risks can disrupt production, damage infrastructure, or affect resource availability. By identifying exposure and vulnerability, businesses can develop adaptive strategies like infrastructure fortification, diversification of supply chains, or enhanced operational resilience to mitigate potential losses.

Transitional Risks

This focuses on the risks associated with transitioning to a low-carbon economy, driven by changing regulations, market dynamics, technological advancements, and shifting stakeholder expectations. Key aspects include policy risks such as carbon pricing, market risks from changing consumer preferences, and reputational risks linked to environmental accountability. Transitional risk assessments help organizations identify potential financial impacts and opportunities, enabling them to align with evolving regulations, invest in sustainable innovations, and enhance competitiveness in a decarbonizing global economy.

Climate Risk Assessment

About IFRS S2 and its evolving approach

While climate change poses physical and transitional risks, it also creates opportunities for business to grow. For ATGL, identifying prospects for a transition to a low carbon economy involves monitoring the changing business landscape and markets.

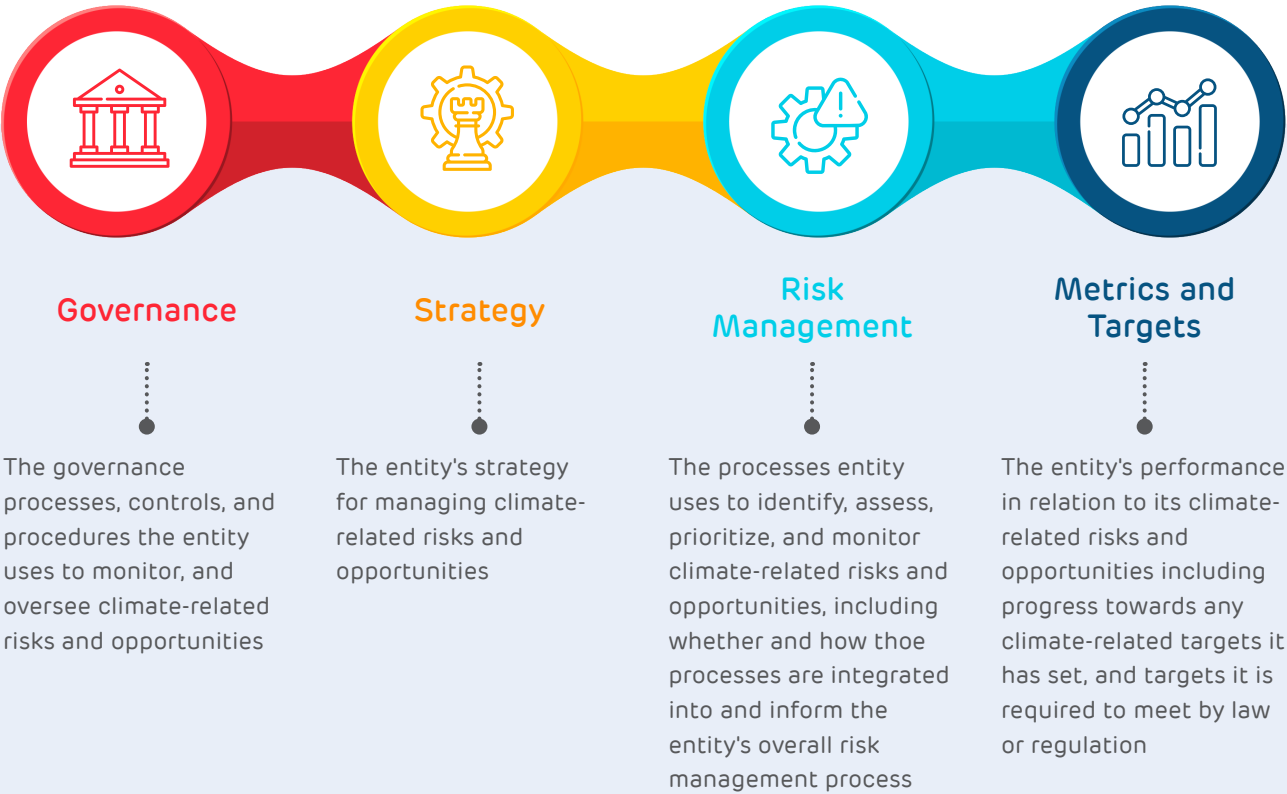
As a part of ATGL's strategic and financial planning, we consider climate change to maximize value for our stakeholders. While strategic and financial planning, ATGL considers both physical risks caused by the increased frequency and severity of climate and weather events, and transitional risks associated with economic, technology or regulatory changes.

ATGL continuously monitors the changing business landscape and market to identify possible new prospects for a low-carbon economy transition. As a part of ATGL's efforts to promote openness in addressing climate related risks and opportunities, we have implemented the recommendations of the International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB).

IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access

to finance or cost of capital over the short, medium, or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S2 applies to climate-related risks to which the entity is exposed (climate-related physical risks & transition risks) and climate-related opportunities available to the entity. IFRS S2 requires an entity to disclose information that enables users of general-purpose financial reports to understand four content pillars: (i) Governance; (ii) Strategy; (iii) Risk Management; and (iv) Metrics & Targets.



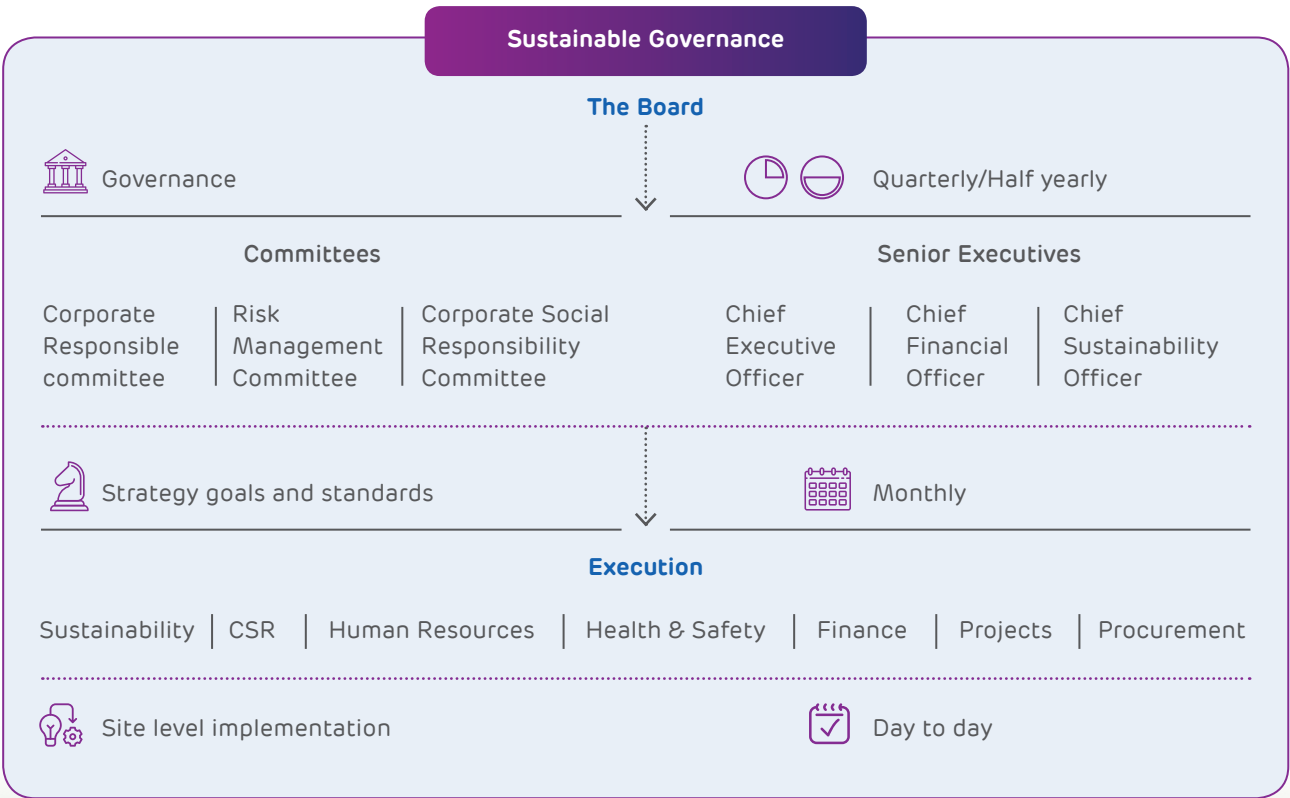
Climate Governance framework

Sustainable Governance

At the core of our strategic framework lies a steadfast commitment to embedding Environmental, Social, and Governance (ESG) principles and climate-related considerations into our business decision-making

processes. This integration is achieved through a structured allocation of responsibilities, clearly defined reporting mechanisms, and seamless collaboration between our Board of Directors and Executive Leadership. This governance model strengthens our ability

to identify, assess, and mitigate climate-related risks and seize opportunities, ensuring the realization of our sustainability goals and objectives through efficient oversight and strategic implementation.



Board's Role in ESG and Climate Governance

The Board plays a pivotal role in guiding our sustainability strategy and climate agenda. By incorporating ESG and climate-related priorities into its decision-making processes, the Board ensures

that the company remains aligned with global best practices and regulatory frameworks. This alignment is critical for achieving long-term resilience and value creation in the face of evolving climate challenges.

Board-Level Committees and Their Roles

1. Corporate Responsibility Committee (CRC):

The CRC, comprising 100% Independent Directors, serves as the principal body for overseeing ESG and sustainability management. This committee is responsible for shaping the company's strategic approach to climate change and broader ESG issues. Key responsibilities of the CRC include:

- Reviewing and approving the company's sustainability and climate strategies.
- Monitoring progress toward achieving sustainability objectives and science-based climate targets.
- Aligning the company's actions with international climate standards, such as the TCFD (Task Force on Climate-related Financial Disclosures) and Science-Based Targets initiative (SBTi).

2. Risk Management Committee (RMC):

The RMC complements the work of the CRC by focusing on the identification, assessment, and management of climate-related risks within the organization. This includes:

- Ensuring compliance with evolving regulatory and statutory climate guidelines.
- Incorporating climate risks into the company's Enterprise Risk Management framework.
- Evaluating the financial and operational impact of climate-related risks, such as transition risks, physical risks, and liability risks, while recommending mitigation measures.



Management and Executive Leadership’s Role

At the management level, our Chief Sustainability Officer (CSO) leads the company's sustainability and climate-related efforts, ensuring alignment with the Board's strategic vision. The CSO works collaboratively

with cross-functional teams to embed ESG practices and climate considerations into all aspects of the business. Key responsibilities of the CSO include:

Developing and implementing climate strategies aligned with global frameworks.

Driving decarbonization initiatives, renewable energy adoption, and resource efficiency programs.

Providing regular updates to the CEO and quarterly reports to the Board on ESG performance, climate risk assessments, and progress toward net-zero goals.

Coordinating with external stakeholders, including investors, regulators, and communities, to ensure transparency and accountability in climate reporting and actions.

By fostering this robust governance structure, we ensure that ESG and climate-related priorities are deeply integrated into our organizational DNA. This approach not only enhances our resilience against

climate challenges but also reinforces our position as a responsible corporate leader, committed to creating long-term value for all stakeholders while addressing the global climate crisis.



Sustainability Policy Commitments

	Stakeholder Coverage	Linkage with Board Committees
ESG Policy		CRC RMC
Climate Change Policy		CRC RMC
Energy Management Policy		CRC RMC
Biodiversity Policy		CRC RMC
Resource Conservation Policy		CRC RMC
Water Stewardship Policy		CRC RMC
Waste Management Policy		CRC RMC
Human Rights Policy		SRC AC
Occupational Health & Safety Policy		CRC
Corporate Social Responsibility Policy		CRC CSRC
Diversity Equity and Inclusion Policy		CRC
Freedom of Association Policy		SRC
Stakeholder Engagement Policy		SRC
Code of Conduct and Supplier Code of Conduct		SRC RMC CRC
Prevention of Sexual Harassment		CRC RMC
Data Privacy		ITDS
Cybersecurity		ITDS
Whistle Blower Policy		AC
Anti-Corruption and Anti-Bribery Policy		CRC AC

Stakeholder :

Customers Suppliers/Vendors Investors & Shareholders Government, Regulators and Social Partners

Communities Employees

Board Committees :

CRC Corporate Responsibility Committee**RMC** Risk Management Committee**AC** Audit Committee

ITDS Information Technology & Data Security Committee**CSRC** Corporate Social Responsibility Committee

All these policies are adopted by ATGL to enhance its commitment towards responsible business conduct and in identifying, managing & mitigating ESG & climate change risks and impacts, ensuring sustainable business operations. Only on the approval of the Executive management and the board the policy is imposed on applicable stakeholder groups. All the internal stakeholder groups are kept informed regarding the

policy through mailers, Training, and awareness sessions while external stakeholders are made aware during the time of vendor onboarding, agreements and contracts while dealing with ATGL. All the policies can be in Corporate Governance Adani Total Gas (adanigas.com)

In addition to the policies mentioned below, ATGL has implemented policies that align

with legal requirements. Some of these policies specifically pertain to certain internal stakeholders, such as the Board of Directors, Key Managerial Personnel, and senior management within the company. Due to the sensitive nature of the information, a subset of these policies is accessible exclusively via the company's intranet, restricted to ATGL employees.



Competency Mapping of ATGL’s Board Management

Recognizing the critical role of leadership in driving sustainability and mitigating climate change, we have undertaken a comprehensive upskilling initiative tailored for our Board of Directors and Key Management Personnel on E, S & G aspects which a particular focus on climate change related topics. This initiative was anchored by a series of sessions delivered by leading ESG experts from one of the world’s largest and most

esteemed law firms.

The program focused on equipping our leadership with a nuanced understanding of the evolving ESG and climate change landscape, emphasizing regulatory frameworks, policy developments, and the strategic implications of climate-related risks and opportunities. Key areas of focus included. By enhancing their knowledge and fostering a

forward-thinking mindset, we aim to strengthen the organization's ability to align with global sustainability goals and address climate challenges effectively. This initiative culminated in 100% of our Board of Directors being upskilled in ESG and climate change, reflecting our unwavering commitment to embedding sustainability at the highest levels of decision-making and governance.

Name of Director	Skills and Expertise	Committee
Mr Gautam S. Adani Chairman		-
Mr Pranav Adani Director		RR CSR RM M&A
Mr. Thibault Lesueur Non-Executive and Non-Independent Director		-
Dr Sangkaran Ratnam Director		CSR RM M&A RR
Mr Shashi Shanker Independent and Non-Executive Director		RM CPR AU SR CSR IT&DS M&A
Mr Shailesh Haribhakti Independent and Non-Executive Director		AU N&R M&A CSR CRC RR LR&T
Ms Gauri Trivedi Independent and Non-Executive Director		SR CSR AU RM CRC PCC CPR
Mr Mukesh Shah Independent and Non-Executive Director		CRC IT&DS AU SR N&R RM PCC M&A
Mr. Bharat Vasani Independent and Non-Executive Director		PCC LR&T AU N&R IT&DS RR
Mr Suresh P.Manglani Executive Director & Chief Executive Officer		RM LR&T CPR

Committee

N&R

Nomination & Remuneration Committee

AU

Audit Committee

SR

Stakeholders' Relationship Committee

CSR

Corporate Social Responsibility Committee

RM

Risk Management Committee

CRC

Corporate Responsibility Committee

PCC

Public Consumer Committee

IT&DS

Information Technology & Data Security Committee

M&A

Mergers & Acquisitions Committee
(Sub-Committee to Risk Management Committee)

LR&T

Legal, Regulatory & Tax Committee
(Sub-Committee to Risk Management Committee)

RR

Reputation Risk Committee
(Sub-Committee to Risk Management Committee)

CPR

Commodity Price Risk Committee
(Sub-Committee to Risk Management Committee)

Chairman / Chairperson

Member

Skills and Expertise

Business Leadership

Financial Expertise

Risk Management

Global Experience

Corporate Governance & ESG

Merger & Acquisition

Technology & Innovation

Motivating Management through Climate-related Incentives

At ATGL, we recognize that achieving our climate resilience goals requires active participation and commitment across all levels of the organization. To foster a culture of climate stewardship, we have implemented a robust incentive structure that motivates our management and employees to take

ownership of climate change initiatives. These incentives, encompassing both financial and non-financial rewards, are thoughtfully designed to acknowledge and inspire exemplary contributions to enhancing the company's climate resilience and sustainability performance.

Performance-Based Incentives for Sustainability Managers

Our dedicated sustainability team, led by the Chief Sustainability Officer (CSO) reporting directly to the Executive Director (ED) & CEO, plays a pivotal role in advancing our climate agenda. To ensure accountability and drive impactful outcomes, we establish clear, measurable performance indicators for sustainability managers annually. These targets are reviewed quarterly to monitor progress and address any deviations with actionable plans.

Key performance parameters include achieving specific emission reduction goals and executing decarbonization strategies, implementing energy efficiency projects and meeting associated reduction targets, Driving organizational performance against climate-related sustainability indices etc. Performance on these parameters is directly linked to financial incentives, fostering a results-driven approach to achieving ATGL's sustainability objectives.

Variable Compensation Linked to ESG Performance for Leadership

To underscore the strategic importance of climate action, the variable pay for the CEO is explicitly tied to the company's ESG performance. These metrics, aligned with ATGL's long-term climate commitments, include milestones such as progress toward net-zero emissions, Meeting ESG benchmarks and achieving high rankings on sustainability indices, advancing key projects related to renewable energy adoption and resource efficiency etc.

The Nomination and Remuneration Committee recommends the remuneration framework, which is subsequently approved by the Board of Directors and shareholders during the General Meeting. This comprehensive approach ensures that executive compensation aligns with the company's climate objectives and reinforces accountability at the highest levels of leadership.

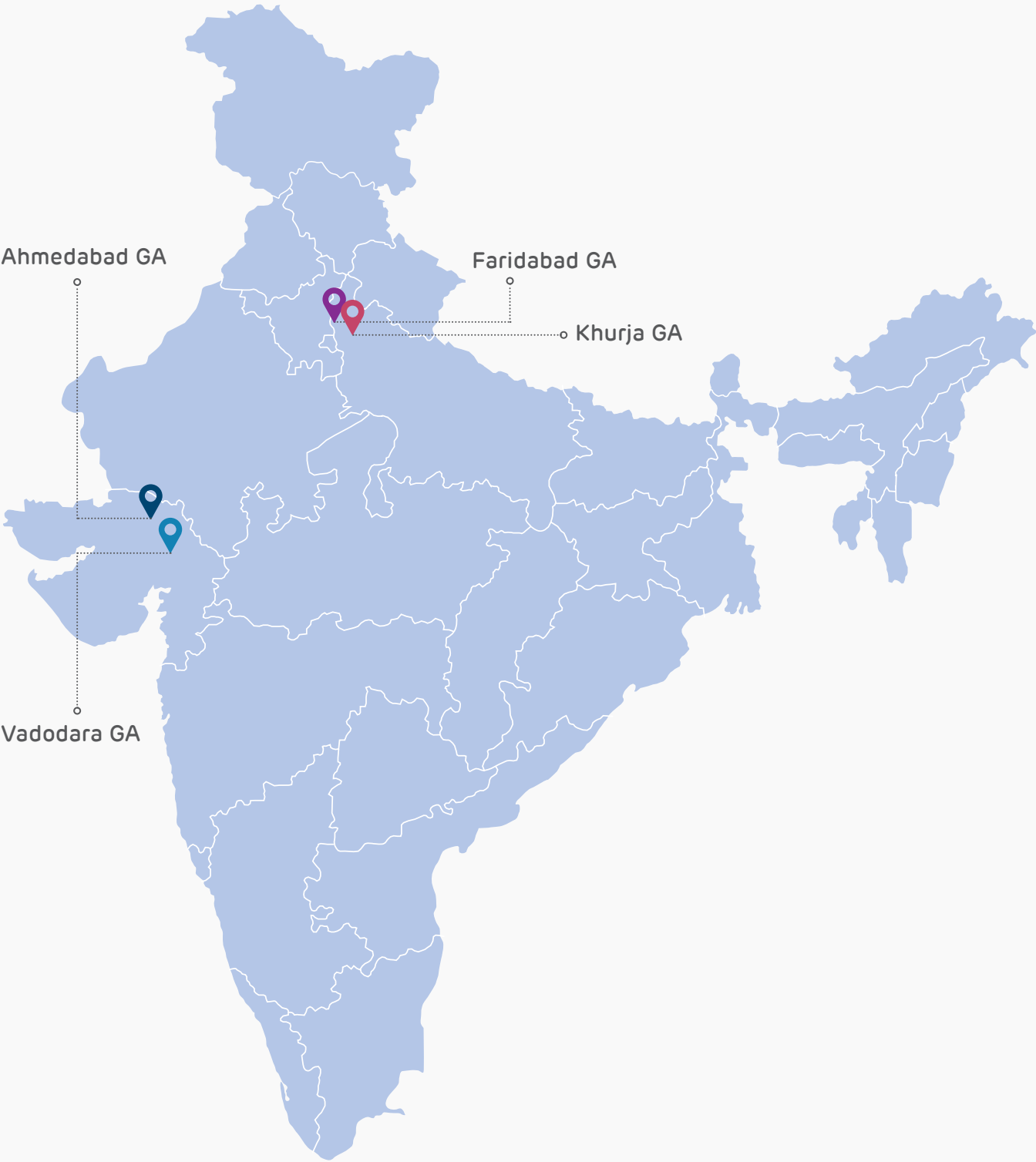
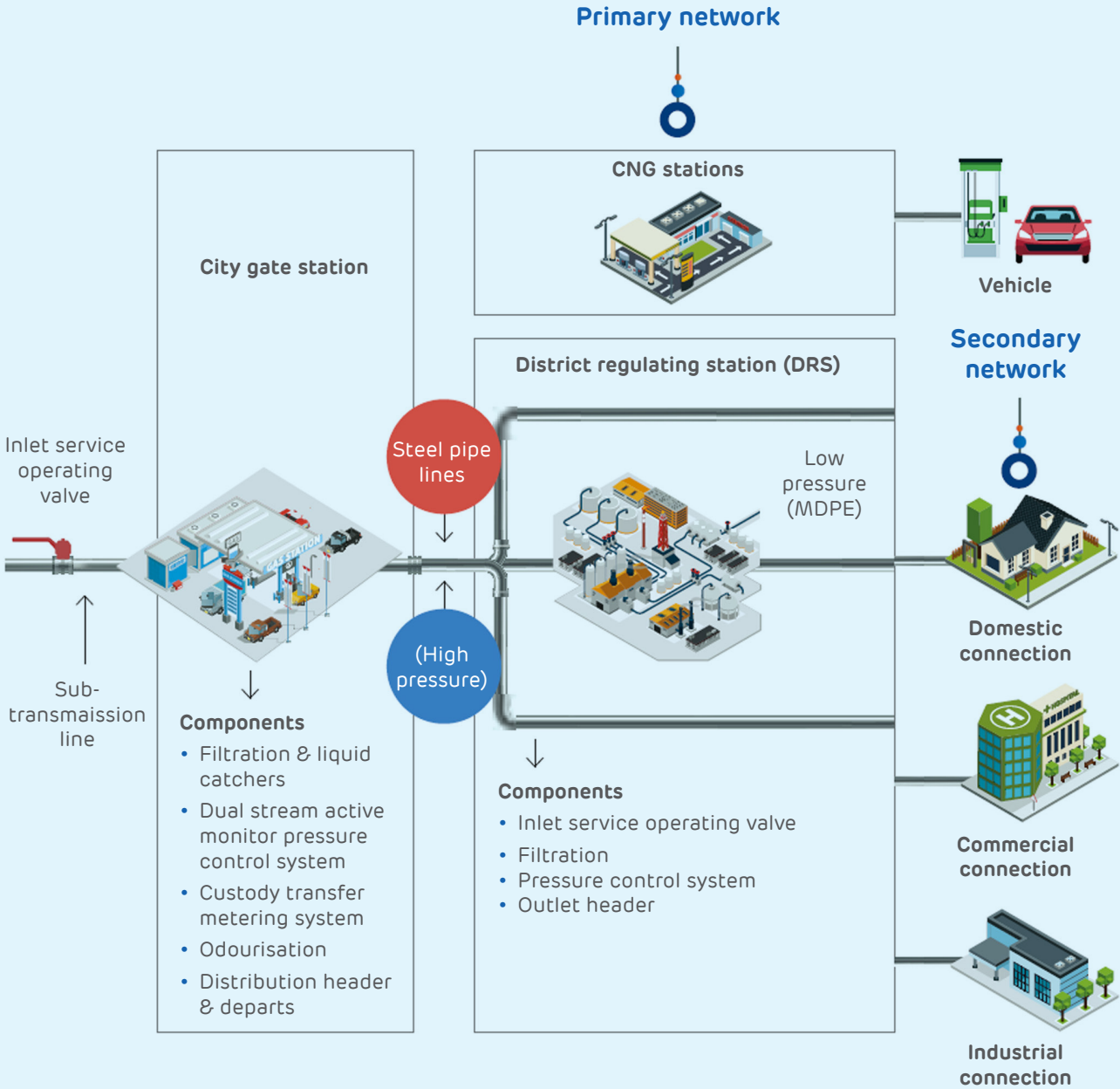


ATGL's Climate Strategy

Physical Risk Assessment

Physical Risk Assessment was carried out 4 GAs (Geographical Area) which yields almost 75% of ATGLs total revenue from operations

Distribution network

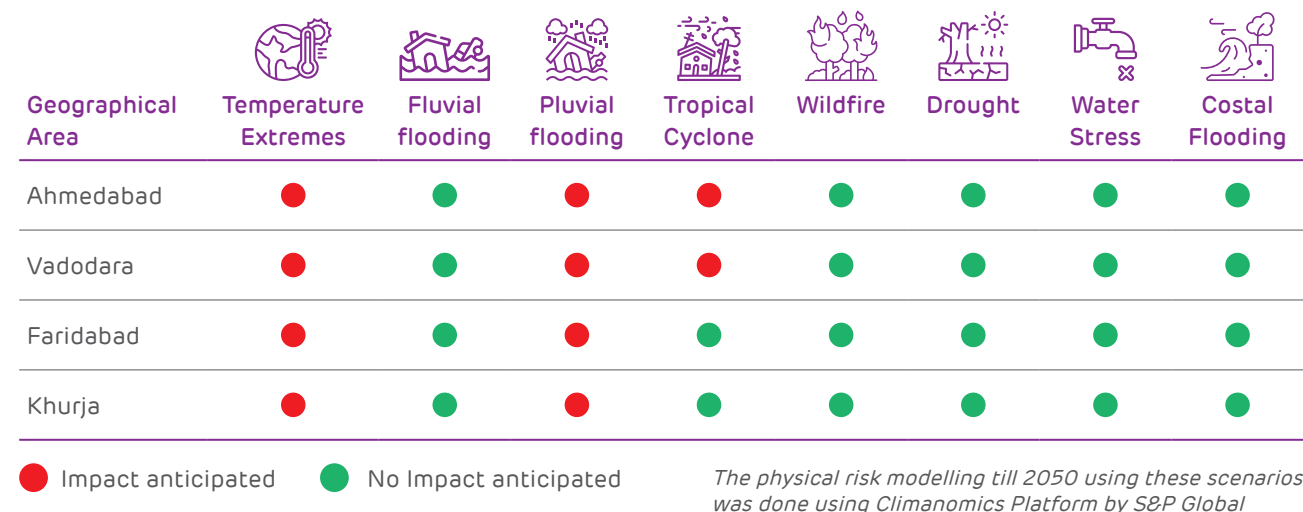


Risks evaluated

ATGL has undertaken a detailed site-wise climate risk assessment of various physical risks under different IPCC scenarios. The climate risk assessment exercise considered the risks associated with Coastal flooding, Drought,

Fluvial flooding, Pluvial flooding, Temperature extremes, Tropical cyclones, Water stress, and Wildfire. These risks were assessed under scenarios - SSP1-2.6, SSP2-4.5 and SSP5-8. The analysis indicates that ATGL's site face risks

due to Temperature extremes, Pluvial flooding and Tropical cyclone while other risks does not pose any threat to the existing infrastructure of ATGL.



Scenarios used for Physical Risk Assessment

The primary objective of conducting scenario analysis is to examine and better estimate how the business might perform under distinct future circumstances (i.e., its resiliency/robustness). Climate-related scenarios allow ATGL to investigate and advance a better understanding of how the physical and transition risks and opportunities of climate change might viably affect the company over time. The application of scenario analysis has empowered us to:

- Comprehend the array of risks linked to different scenarios of greenhouse gas (GHG) reduction.

- Examine and cultivate a comprehensive understanding of how the probable physical and transitional risks and opportunities of climate change could affect the business in the long run.
- Evaluate the present collection of assets and investment prospects against these scenarios and assess the potential resilience of strategic plans against a range of scenarios.
- Identify options for increasing the strategic and business resiliency to plausible climate-related risks and opportunities through adjustments to strategic and financial plans.

For physical risks, we have considered the Shared Socioeconomic Pathways (SSP scenario). SSPs are plausible scenarios of projected socioeconomic global changes up to 2100. They are used to derive greenhouse gas emissions scenarios with different climate policies. These scenarios have been used in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6). The details of SSP's across different time horizons are provided in below table:




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)
SSP1-2.6 (Low)	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 (Medium)	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
SSP5-8.5 (High)	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

Results of Physical Risk Assessment

The table summarizes the loss expressed as a percentage of asset value over a specified time frame for each GA under a

particular scenario. This analysis serves as a key output of the physical climate risk assessment study. It highlights the extent

of vulnerability and potential financial exposure of assets to physical climate risks.

Financial Impact due to Physical Climate Hazards		 Pluvial Flooding			 Temperature Extremes			 Tropical Cyclones		
GA	Scenario	2020's	2030's	2040's	2020's	2030's	2040's	2020's	2030's	2040's
Ahmedabad	High									
Ahmedabad	Medium									
Ahmedabad	Low									
Vadodara	High									
Vadodara	Medium									
Vadodara	Low									
Faridabad	High									
Faridabad	Medium									
Faridabad	Low									
Khurja	High									
Khurja	Medium									
Khurja	Low									

High No impact

The heatmap illustrates the financial impact on a relative basis

Analysis of Physical Risk Assessment

Analysis of Acute risks

Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, floods & droughts. ATGL has done GA wise identification of its plant sites that are under risks from acute events.


Cyclones

Recent trends indicate that occurrence of major cyclones (category 3 and above) has increased during 1979-2017. These cyclones have potential to

cause major damage. If this trend continues as the climate changes, the number of major cyclones may increase. High wind speeds are one of the major hazards associated with cyclones and have the potential to destroy our assets. To determine the impact of cyclones on assets, ATGL has conducted a thorough climate risk assessment for its GAs comprising of City Gate Stations (CGS), CNG stations, District regulating Station (DRS) and other assets involved during the operations using scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5. The assessment

is based on hazard metric that considers change in annual frequency of a tropical cyclone of category 3 or above (%). The assessment is based on hazard metric that considers change in annual frequency of a tropical cyclone of category 3 or above (%).

The climate risk assessment further quantifies the impact as % of asset value using impact function that models the impact of increasing frequency of major cyclones to damage and associated costs for our assets.

	Tropical Cyclones	Number of GA's impacted 2		
GA	Scenario	Loss as % of asset value in 2020s	Loss as % of asset value in 2030s	Loss as % of asset value in 2040s
Ahmedabad	High			
Ahmedabad	Medium			
Ahmedabad	Low			
Vadodara	High			
Vadodara	Medium			
Vadodara	Low			
Faridabad	High			
Faridabad	Medium			
Faridabad	Low			
Khurja	High			
Khurja	Medium			
Khurja	Low			



The heatmap illustrates the loss as % of asset on a relative basis

Flooding: Coastal Flooding, Fluvial Flooding and Pluvial Flooding

Extreme precipitation levels can cause increase in water levels of waterbodies in affected areas thus increasing the risk of fluvial flooding, sea level rise due to rising water levels can result in coastal flooding, excessive rainfall can further result in pluvial flooding. These floods can cause damage and interruptions of operations. However, ATGL GAs are impacted only due to the pluvial flooding as per the Climate risk analysis.


The force of flowing water and debris can damage the company's infrastructure, including its

pipelines, compressors, pressure reducing value etc. This can result in financial losses, disruption of energy generation, and the need for costly repairs or replacements. Flooding may require operational downtime and additional maintenance efforts, further impacting the company's profitability.

To determine the impact of flooding on assets, ATGL has conducted a thorough climate risk assessment for its GAs comprising of City Gate Stations (CGS), CNG stations, District regulating Station (DRS) and other assets

involved during the operations using scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5. The assessment is based on hazard metric that considers annual frequency of exceeding the historical1-in-100-year flood level, relative to historical baseline (1950-1999).

The climate risk assessment further quantifies the impact as % of asset value using impact function that models the impact of increasing frequency of floods to damage and associated costs for our assets.

	Pluvial Flooding	Number of GA's impacted 4		
GA	Scenario	Loss as % of asset value in 2020s	Loss as % of asset value in 2030s	Loss as % of asset value in 2040s
Ahmedabad	High			
Ahmedabad	Medium			
Ahmedabad	Low			
Vadodara	High			
Vadodara	Medium			
Vadodara	Low			
Faridabad	High			
Faridabad	Medium			
Faridabad	Low			
Khurja	High			
Khurja	Medium			
Khurja	Low			



The heatmap illustrates the loss as % of asset on a relative basis



Drought

Water is a crucial resource for business operations. Droughts can impact operations and result in potential financial losses through physical damage, structural damage, and increased water utility costs.

To determine the impact of drought on assets, ATGL has conducted a thorough climate risk assessment for its GAs comprising of City Gate Stations (CGS), CNG stations, District regulating Station (DRS) and other assets involved during the operations using scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5. The assessment is based on hazard metric that considers self-calibrating Palmer Drought Index and measures the annual probability of drought conditions below the historical 10th percentile. The climate risk assessment further quantifies the impact as % of asset value using impact function that models the impact of drought to damage and associated costs for our assets.



Drought

Number of GA's impacted

0



Wildfires

Variables such as temperature and precipitation can influence conditions that aid wildfire. Changing temperatures results in areas prone to wildfire becoming warmer and drier thus causing a risk of wildfire intensity increasing. An increase in wildfire can pose a risk to our assets and may also result in shutdown.

To determine the impact of wildfires on assets, ATGL has conducted a thorough climate risk assessment for its GAs comprising of City Gate Stations (CGS), CNG stations, District regulating Station (DRS) and other assets involved during the operations using scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5. The assessment is based on hazard metric that considers the probability of exceeding historical 90th percentile of wildfire conditions indicating the likelihood of conducive wildfire conditions at a given location. The climate risk assessment further quantifies the impact as % of asset value using impact function that models the impact of wildfire to damage and associated costs for our assets.



Wildfire

Number of GA's impacted

0

Analysis of Chronic risks

Chronic physical risks refer to longer-term shifts in climate patterns such as high temperature, and water stress. ATGL has conducted GA wise identification of its sites that are under chronic risks. Further, a scenario analysis to assess long term impacts of these chronic risks has also been provided in the section below.

Water Stress

With growing population, the demand and competition for natural resources like water will increase as well. This increased demand along with unchanging or depleting water supply leads to water scarcity or water stress. Water stress can impact

operations and result in potential financial losses. To determine the impact of water stress on assets, ATGL has conducted a thorough climate risk assessment for its GAs comprising of City Gate Stations (CGS), CNG stations, District regulating Station (DRS) and other assets involved during the operations using scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5. The assessment is based on hazard metric that considers current baseline water stress metric from WRI Aqueduct as well as projections for the 2020s through the 2040s. This helps in projecting future ratio of water withdrawals to total renewable water supply in each area.



Water Stress

Number of GA's impacted

0



Temperature Extremes


Rising global temperatures due to climate change present another significant risk for ATGL's operations. Higher daily maximum temperatures increase the likelihood of overheating key components in gas compressors, city gate stations, and pipelines, potentially causing operational breakdowns. Prolonged periods of extreme heat can lead to infrastructure degradation, including warping or fracturing of pipelines, which may require costly repairs or

even replacement. Additionally, temperature variability can disrupt supply chains and cause power outages, thereby impacting gas compression and overall business continuity.

To determine the impact of temperature extremes on assets, ATGL has conducted a thorough climate risk assessment for its GAs comprising of City Gate Stations (CGS), CNG stations, District regulating Station (DRS) and other assets involved during the

operations using scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5. The assessment is based on hazard metric that considers the absolute change in the 50th percentile (average) daily maximum temperature at a given location.


The climate risk assessment further quantifies the impact as % of asset value using impact function that models the impact of temperature extremes to damage and associated costs for our assets.

 Temperature Extremes		Number of GA's impacted			4
Site	Scenario	Loss as % of asset value in 2020s	Loss as % of asset value in 2030s	Loss as % of asset value in 2040s	
Ahmedabad	High				
Ahmedabad	Medium				
Ahmedabad	Low				
Vadodara	High				
Vadodara	Medium				
Vadodara	Low				
Faridabad	High				
Faridabad	Medium				
Faridabad	Low				
Khurja	High				
Khurja	Medium				
Khurja	Low				




The heatmap illustrates the loss as % of asset on a relative basis

Mitigation measures




Tropical Cyclones

- Elevate critical pipeline sections in cyclone-prone areas.
- Secure above-ground pipelines with reinforced supports and anchors.
- Use corrosion-resistant materials to withstand water exposure.
- Construct cyclone-resistant structures using robust building codes.
- Install storm shutters and wind-resistant doors/windows.
- Develop emergency preparedness plans and redundancies for critical systems



Pluvial Flooding

- Elevate pipelines or route them through less flood-prone areas.
- Seal vulnerable equipment with water-resistant coatings.
- Develop rapid drainage systems around operational assets.
- Elevate buildings or critical infrastructure above flood levels.
- Install water-tight doors and backflow prevention valves in drainage systems.
- Construction of permeable pavements and bioswales



Temperature Extremes

- Use temperature-resistant materials (alloys, thermal coatings).
- Install insulation or thermal barriers to regulate pipeline temperatures.
- Regular maintenance to detect heat stress-induced fatigue.
- Design energy-efficient HVAC systems for adaptive heating and cooling.
- Use reflective roofing materials and heat-resistant window glazing.
- Incorporate passive cooling techniques (shading, natural ventilation).

Transitional Risk Assessment

Risks related to shifts in the policy, regulatory, technology & socioeconomic conditions that are likely to happen in the transition to a low carbon economy such as Policy & Legal, Technology, Market and Reputation. ATGL has evaluated transitional risks across various scenarios.

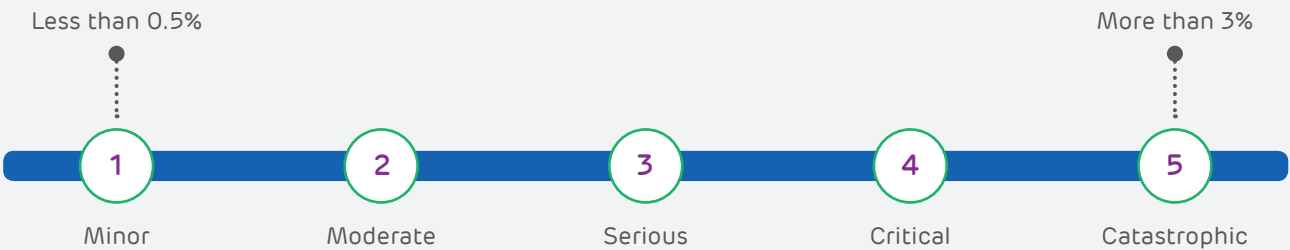
Time horizons



Risk Frequency



Substantial Financial Impact Impact on Revenue from Operations



Definition and quantification of substantial risk

Substantive effects are determined using a matrix approach that combines the likelihood of occurrence and the severity of impact across multiple dimensions, such as financial risks.

Combination of Metrics: The combination of probability and impact forms a matrix that is used to define a substantive risk. For example, a risk that is "Likely" (50–80% probability) and has a "Serious" impact (1–2% on revenue) would be considered substantive, requiring active management. In this matrix, higher weightage is given to risks with both a high likelihood (4 or 5)

and severe impact (Catastrophic or Critical). Thresholds are reviewed annually and updated based on recent assessments, organizational changes, and market developments. 6. Review and Update Frequency: The metrics and thresholds used to determine substantive effects are reviewed annually as part of the organization's risk management and disclosure process.

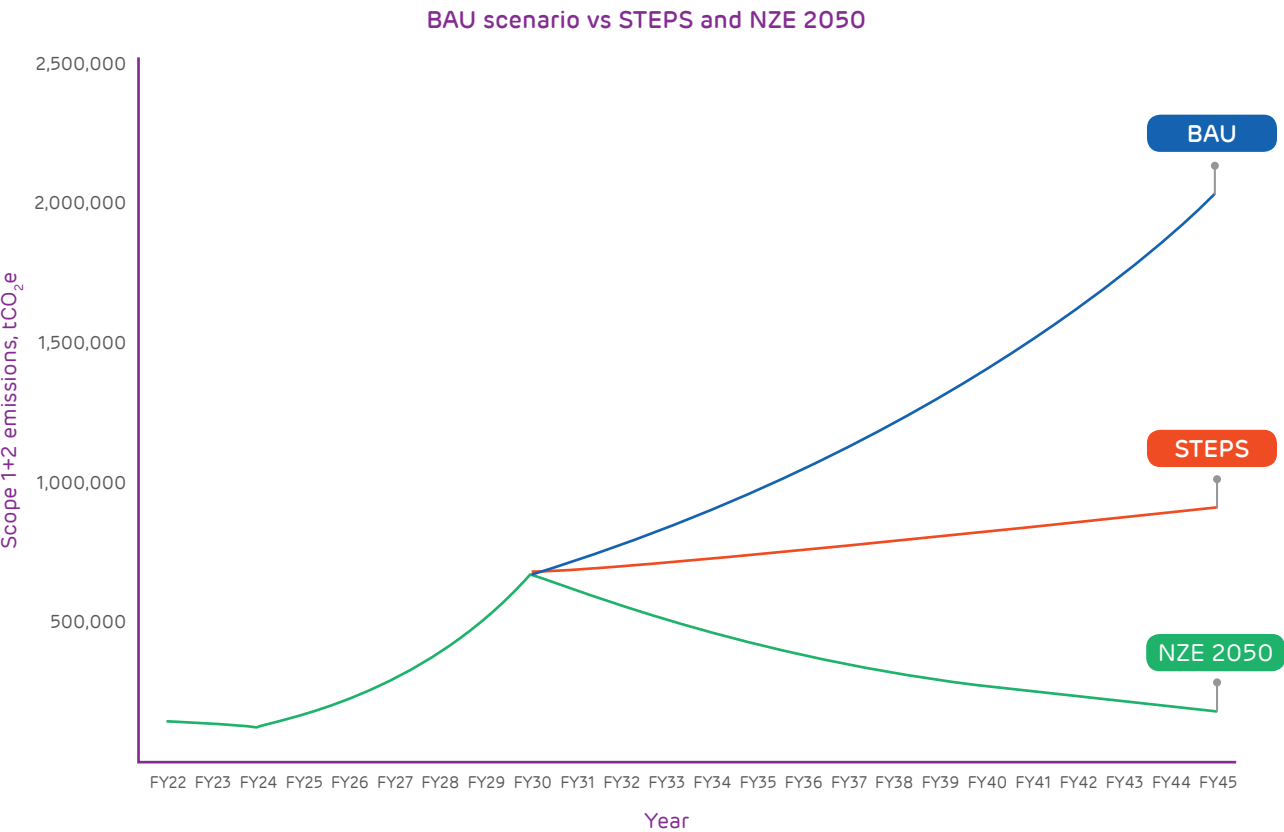
Scenarios used for Transitional Risk Assessment

To simulate a climate scenario and assess transitional risks across short, medium, and long-term horizons, various external factors, such as regulatory frameworks, shifts in energy mix, and evolving consumer behaviour, were carefully analysed. Given the gas utility industry's pivotal role in the energy transition, the importance of natural gas as a transition fuel was a central consideration. Acknowledging inherent uncertainties, scenario planning was employed to explore potential energy transition pathways up to 2045. This process integrated the evaluation of key variables, including regulatory changes, technological advancements, market dynamics, and reputational impacts. Transition risks such as fluctuating carbon pricing, policy amendments, and behavioural changes among consumers were comprehensively examined. To ensure robust analysis, widely recognized frameworks like the International Energy Agency (IEA) scenarios, including the Stated Policies Scenario (STEPS) and the Net Zero Emissions (NZE) 2050, were utilized to guide the assessment and provide insights into potential future developments.

Scenario	A scenarios-Stated Policies Scenario (STEPS)	Net Zero Emissions (NZE)
Description	Projects energy demand and supply based on current policies. Assumes slower decarbonization, with emissions peaking later, leading to a higher temperature increase	Global pathway aimed at achieving net zero CO ₂ emissions by 2050, aligning with the 1.5°C global temperature goal. Emphasis on renewables, carbon capture, and reduced fossil fuels
Estimated Temperature Rise by 2100:	Above 2°C	>_ 1.5°C
Net Zero Achievement	No global net zero by 2050	by 2050








BAU scenario vs STEPS and NZE 2050



Transitional Risks Identified

Policy & Legal Risk

 Risk: Policy and Legal Risk	 Medium Term
Carbon pricing mechanisms	<p>Description:</p> <p>The SATAT (Sustainable Alternative Towards Affordable Transportation) scheme, launched by the Government of India in October 2018, aims to promote the production and usage of Compressed Biogas (CBG) as a green, renewable fuel for the transportation sector. In alignment with this initiative, the Ministry of Petroleum and Natural Gas has introduced a mandate for the blending of CBG with Compressed Natural Gas (CNG) and Piped Natural Gas (PNG) within City Gas Distribution (CGD) networks.</p> <p>However, no official guidelines have been established regarding the penalties or fines for non-compliance with these blending targets. Despite the absence of explicit consequences, there is a reasonable expectation that failure to meet the mandated CBG blending levels will result in financial penalties, likely tied to the excess emissions generated from the sale of conventional natural gas. These penalties would effectively function as indirect carbon pricing mechanisms, where companies are penalized for higher greenhouse gas (GHG) emissions.</p> <p>Additionally, there is a growing possibility that the CBG blending mandate could evolve to incorporate formal carbon pricing mechanisms, such as Carbon Credit Trading Schemes (CCTS) or Emissions Trading Systems (ETS). These mechanisms would assign an explicit financial cost to carbon emissions, thereby incentivizing emission reductions and potentially increasing operational costs if the targets are not met. This medium-term risk could significantly impact the organization's operational and financial performance, as companies will need to factor in the costs of carbon credits or penalties associated with excess emissions if blending targets or emissions reduction milestones are not achieved.</p>
 Primary financial effect of the risk	
Increased compliance costs / Fines, penalties or enforcement orders	
 Magnitude	
Minor	
 Likelihood of the risk having an effect within the anticipated time	
Almost certain	



Reputational Risk

Risk: Reputation Risks		Long Term
Increased stakeholder concern or negative stakeholder feedback	<p>Description:</p> <p>ATGL has committed to a Net Zero target for Scope 1 and Scope 2 emissions by 2045. Additionally, ATGL has set a mid-term target to reduce its emissions intensity by 30% from FY22 levels by 2030.</p> <p>However, if ATGL is unable to meet its long-term Net Zero target or demonstrate sufficient progress toward the target, the company faces the risk of negative stakeholder perception. Any failure to achieve these goals may lead to reputational damage and heightened scrutiny from stakeholders, particularly considering the growing focus on corporate environmental performance.</p> <p>This reputational risk can have tangible financial implications for ATGL on a long-term. Negative feedback from stakeholders may result in brand deterioration, leading to reduced customer trust and loyalty, and potentially impacting the company's sales and revenue streams.</p>	
Primary financial effect of the risk		
Brand damage / Decreased revenues due to reduced demand for products and services		
Magnitude		
Low		
Likelihood of the risk having an effect within the anticipated time		
Unlikely		






Unlocking Climate-Related Opportunities

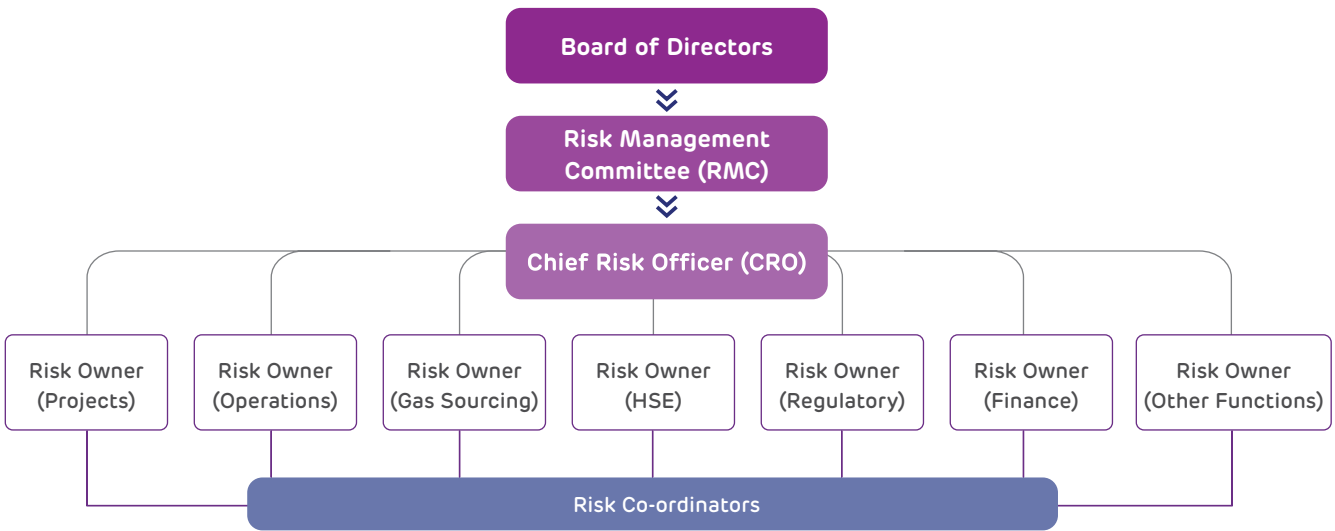
Energy Source

Opportunity: Energy source		Medium Term
Use of lower-emission sources of energy: Renewable Energy	<p>Description:</p> <p>The global shift towards a low-carbon economy presents a significant opportunity for ATGL to diversify into renewable energy and further its commitment to sustainable development. As part of ATGL's pledge to achieve operational Net Zero emissions in its operations, the company is actively working to expand its portfolio of renewable energy sources on a year-on-year basis.</p> <p>Currently, approximately 32% of ATGL's Scope 1 and 2 emissions arise from electricity consumption. By integrating renewable energy such as solar into its operational framework, ATGL can significantly reduce these emissions. This shift will not only contribute to the company's carbon footprint reduction but also deliver long-term cost savings through decreased reliance on conventional energy sources, which are subject to market volatility and regulatory pressures. By adopting renewable energy solutions, ATGL can enhance its operational efficiency and resilience against future energy challenges.</p>	
Primary financial effect of the risk		
Reduced indirect (operating) costs		
Magnitude		
Low		
Likelihood of the risk having an effect within the anticipated time		
Almost Certain		



Products & Services

 Opportunity: Products & Services	 Medium Term
Ability to diversify business activities: Compressed Biogas	Description: The SATAT (Sustainable Alternative Towards Affordable Transportation) scheme, introduced by the Government of India in October 2018, is a key initiative designed to foster the creation of waste-to-wealth models while addressing environmental concerns. This initiative promotes the conversion of agricultural waste, municipal solid waste, and another organic feedstock into biogas, which is then refined and compressed to produce Compressed Biogas (CBG). The scheme aims to establish 5,000 CBG plants across the country, with a target of producing 15 million metric tonnes of biogas annually.
 Primary financial effect of the risk	
Increased revenues through access to new and emerging markets	
 Magnitude	
Catastrophic	
 Likelihood of the risk having an effect within the anticipated time	For ATGL, one of the largest private players in India's City Gas Distribution (CGD) sector, the opportunity to enter the CBG market is strategic and timely. As ATGL is subject to mandatory CBG blending targets, venturing into the CBG business would enable the company to meet these regulatory requirements while advancing its broader environmental goals. Furthermore, ATGL's commitment to achieving Net Zero operational emissions by 2045 aligns with the integration of CBG plants into its operations, which could significantly contribute to its decarbonization efforts.
Almost Certain	In addition to fulfilling the blending mandates, investing in CBG plants presents a financially viable option for ATGL. The government offers several subsidy schemes under SATAT to incentivize companies to enter the CBG space. By utilizing these financial incentives, ATGL can not only mitigate its operational emissions but also tap into a growing market for renewable natural gas, aligning with its long-term sustainability and business objectives.



1 Board of Directors

Roles & Responsibilities

- Set the tone from the top
- Driving a culture of transparent & effective risk management
- Periodic review of the risk management policy framework as well as key threats for the Company

2 Risk Management Committee (RMC)

Roles & Responsibilities

- Monitors external and internal environment for fair assessment of Company's risk exposure
- Provides guidance to the Board by devising risk evaluation and management procedures
- Monitors the implementation of the Risk Management Plan
- Reviews the robustness of controls and systems in place and provides inputs for improvement

4 Risk Owners and Risk Coordinators

Roles & Responsibilities

- Trained and designated individuals to assist in identification and comprehension of risks within their area of oversight and communicate it to the CRO
- Implements risk mitigation measures effectively for the identified risks as per the risk management framework

3 Chief Risk Officer (CRO)

Roles & Responsibilities

- Custodian of risk management process for all business functions
- Oversees and ensures effective execution and functional levels
- Manages coordination between RMC and business functions for effective risk management

Risk Management

Enterprise Risk Management (ERM) Framework

In terms of integration within ATGL's overall risk management, the ERM Framework facilitates a cohesive approach that consolidates climate-related risks and opportunities alongside other strategic risks. Each business function within ATGL is responsible for implementing

climate-related policies and processes, with designated personnel tasked with specific mitigation activities. These responsibilities are tracked by the CRO, who ensures that assigned personnel adhere to mitigation requirements and that these actions are effective over time. ATGL's climate risk assessments are categorized into short-term (0–3 years), medium-term (3–10 years), and long-term (10–30

years) horizons, allowing the company to align its mitigation strategies and opportunities with both immediate and future objectives. This comprehensive and integrated framework ensures that ATGL remains resilient in the face of evolving climate-related challenges and capitalizes on opportunities that support its sustainability mission.

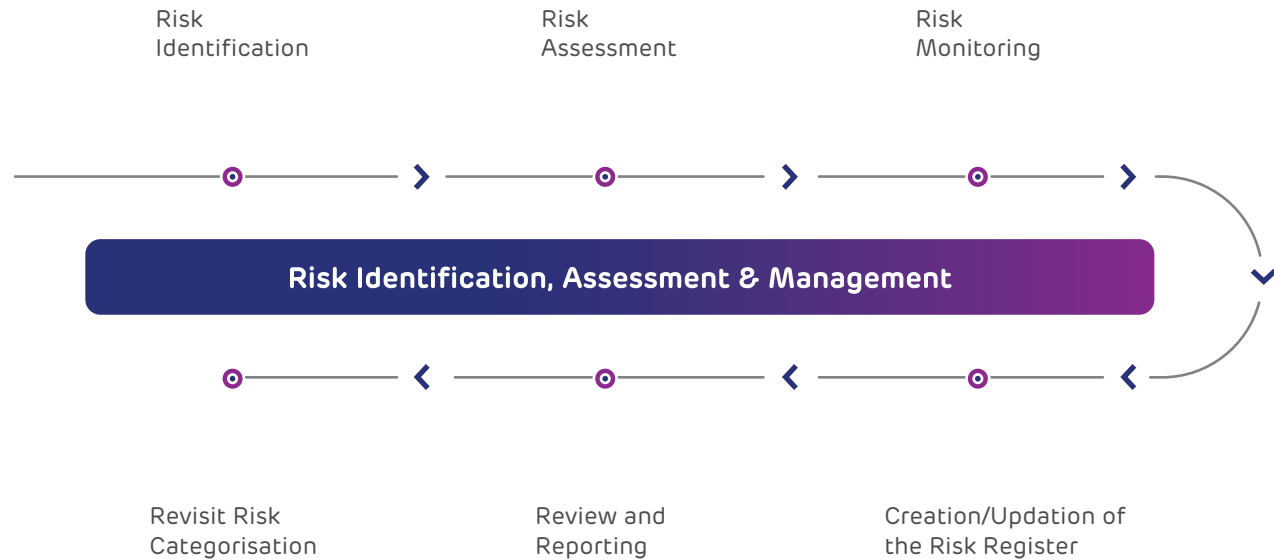
Managing Climate Risks

Managing Climate Risks and Opportunities

ATGL's approach to managing climate-related risks is embedded within its comprehensive Enterprise Risk Management (ERM) Framework, which prioritizes climate change as a key risk under Environment, Health, and Safety (EHS). Led by the

Chief Risk Officer (CRO), ATGL has implemented a structured, organization-wide system for the identification, assessment, prioritization, and ongoing monitoring of climate-related risks, as well as climate-related opportunities that support

sustainable business growth. The ERM Framework provides clearly defined standards, procedures, and accountabilities, ensuring that climate risk management is an integrated, cross-functional responsibility at ATGL.

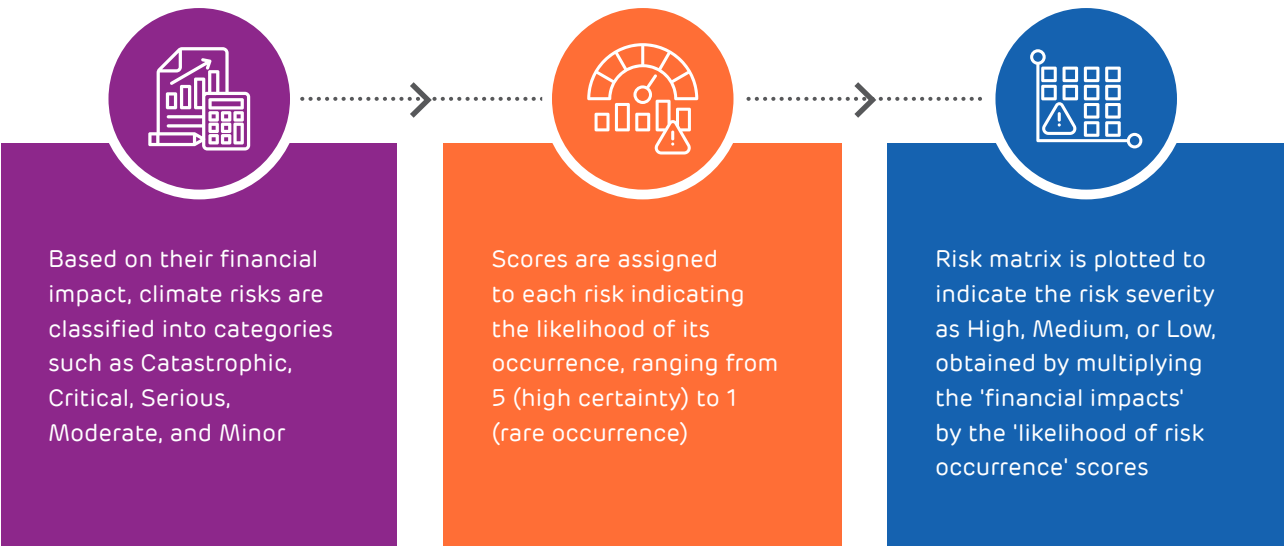


These standards are communicated by the Sustainability Team, which operates under the leadership of the Chief Sustainability Officer (CSO) and works closely with the CRO and the finance team. Together, these groups are responsible for evaluating climate change impacts, implementing appropriate mitigation measures, and regularly monitoring the effectiveness of these strategies. The team conducts regular meetings to review the progress

of climate action plans, adjusting as necessary to ensure alignment with ATGL's objectives and compliance with organizational standards. ATGL employs a variety of inputs and parameters in its climate risk assessment processes, which cover data sources and operational scope. The ERM Framework guides the inclusion of data sources such as industry benchmarks, and market trends, allowing ATGL to take a comprehensive approach to climate risk evaluation. The

entity has also incorporated climate-related scenario analysis in their robust risk management framework. As a results of this study ATGL aspires to explore multiple potential climate futures and understand their implications, allowing the company to prepare for a range of plausible outcomes. This method provides insights into both physical and transition risks associated with climate change, enabling ATGL to make informed decisions in response to these identified risks.

Risk Quantification



Risk Matrix

Catastrophic	5	5	10	14	20	25
Critical	4	4	8	12	16	20
Serious	3	3	6	9	12	15
Moderate	2	2	4	6	8	10
Minor	1	1	2	3	4	5
		1	2	3	4	5
		Rare	Unlikely	Moderate	Likely	Almost Certain





Metrics and Targets

Responding to Climate Change

In the pursuit of our goal to tackle climate-change and achieve Net Zero Emissions (for Scope 1 and Scope 2 emissions) by 2045, we are prioritising reduction in our energy intensity and Greenhouse Gas emissions by deploying energy-efficient technologies

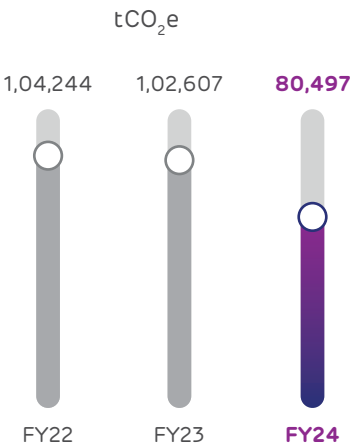
and renewable energy sources. The climate-related risk management is integrated with our Enterprise Risk Management (ERM) framework with focus on environment-related parameters. We aim to Achieve 30% Reduction in emission intensity for Scope 1 & 2 from the levels of FY22.

KPIs & Targets

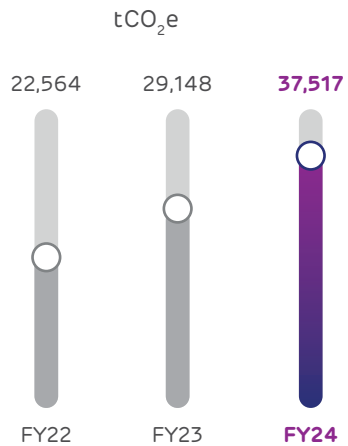
	KPI	Performance in FY 2023-24	Baseline	Target for FY 2024-25
	Decarbonization of Fleet* (*only where CNG ecosystem is prevalent)	100%	50% in FY 2021-22	Sustain 100%
	Installation of Renewable Energy (Solar Energy)	898 KW achieved	550 KW in FY 2021-22	1.5 MW by FY 2024-25
	Advanced Leak Detection Survey	3,367 km covered	1,000+ km FY 2022-23	3,500 km in FY 2024-25
	Tree Plantation	50,000 trees planted	2.2 lakh till FY 2022-23	50,000 trees In FY 2024-25

Key Metrics

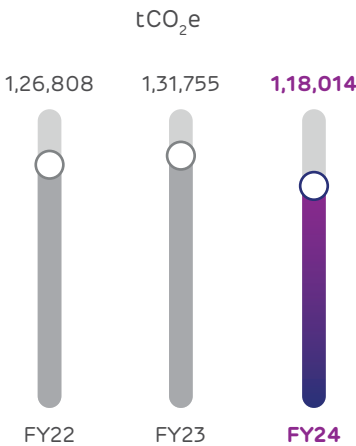
Total Scope 1 Emissions



Total Scope 2 Emissions

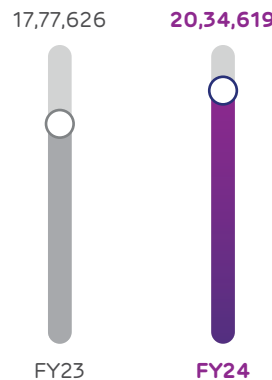


Cumulative GHG Emissions



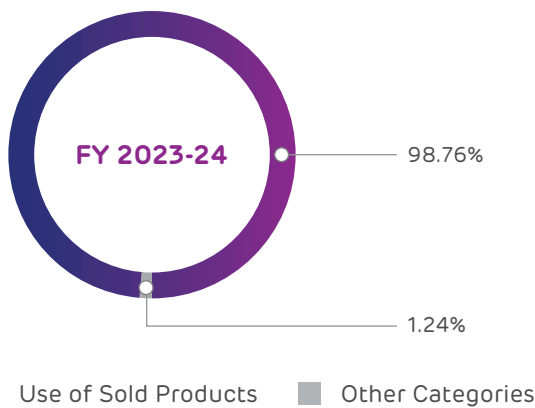
Total Scope 3 Emissions

(Metric Tonnes of CO₂ Equivalents)



Categorisation of Scope 3 Emissions

(in %)



Internal Carbon Pricing (ICP)

At Adani Total Gas Limited (ATGL), we recognize the critical importance of quantifying and addressing the financial implications associated with the emission of one ton of CO₂ or its equivalent greenhouse gases (GHG). As part of our commitment to sustainability and climate-conscious decision-making, we have implemented an Internal Carbon Pricing (ICP) mechanism.

Our current ICP range, determined through the Shadow Pricing method and informed by extensive peer benchmarking, is set at approximately USD 21 to USD 25. This range reflects a nuanced understanding of emission intensity and its contextual variability, ensuring that our pricing aligns with industry best practices and supports

long-term environmental goals. The integration of ICP into our operations emphasizes the need to internalize the cost of carbon emissions and highlights our proactive approach to reducing our carbon footprint.

As ATGL continues its journey toward a sustainable future, we have diversified our business portfolio into key green initiatives, including e-mobility, compressed biogas (CBG), and liquefied natural gas (LNG). These ventures align with our broader vision to transition toward cleaner energy solutions and contribute meaningfully to global decarbonization efforts.

Looking ahead, ATGL is committed to conducting a detailed study to refine and enhance the ICP

framework further. This study will consider evolving global carbon market trends, industry benchmarks, and sector-specific dynamics. The insights gained from this analysis will allow us to establish a more comprehensive ICP mechanism that can be effectively integrated into all strategic and operational business decisions across our diversified portfolio.

Embedding carbon pricing into our decision-making processes, we aim to not only manage risks and drive low-carbon investments but also set a benchmark for corporate responsibility in the energy sector. This initiative underscores ATGL's steadfast dedication to fostering sustainability while contributing to a resilient and climate-friendly future.

Way forward

Adani Total Gas Limited (ATGL), a prominent player in natural gas distribution, has broadened its portfolio by venturing into low-carbon businesses such as e-mobility and compressed biogas, demonstrating its commitment to sustainability and innovation. As a climate-conscious corporate entity, ATGL has consistently prioritized robust risk management frameworks and forward-looking strategies, positioning itself to emerge as a leading energy company in the years ahead.

A detailed physical climate risk assessment was conducted for four key Geographical Areas (GAs) operated by ATGL, which together accounted for approximately 75% of its revenue. Meanwhile, a comprehensive transitional risk assessment was performed across the entire natural gas distribution network. The insights from this assessment have been well-received and are actively integrated into the organization's strategic framework to harness emerging opportunities.

Looking forward, ATGL plans to expand its climate risk assessment to encompass additional sites and business verticals, reinforcing its commitment to mitigating climate change and building resilience across its operations. This proactive approach underlines ATGL's dedication to driving sustainable growth and aligning with Nation's energy transition goals.

Adani Total Gas Limited

Registered Office

Adani Corporate House
Shantigram, Near Vaishnodevi Circle, S G Highway, Khodiyar
Ahmedabad - 382421, Gujarat, India.
www.adanigas.com