



(A Maharatna Company)

Powering Progress through **Sustainability**

@ Power Finance Corporation

ESG Report 2024-25



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About This Report

Statement Of Use



ESG Report prepared 'in reference to' the Global Reporting Initiative (GRI) Universal Standards 2021



Power Finance Corporation Limited (PFC) is proud to present its second Environmental, Social and Governance (ESG) Report for FY 2024-25 titled "Powering Progress through Sustainability", prepared with reference to the Global Reporting Initiative (GRI) Universal Standards 2021. Our first report is available on our corporate website (<https://pfcindia.co.in/ensite/Home/VS/10201>).

As India advances towards its ambitious Net Zero target by 2070, PFC reaffirms its commitment to being a key catalyst to enabling the low-carbon transition across the power and infrastructure sectors. These sectors are the backbone of a sustainable economy, and PFC is strategically positioned to support this transition through innovative financing solutions. Our priorities are clear—accelerating investments in renewable energy, championing green infrastructure development, and promoting the integration of advanced, clean technologies across the power sector value chain. Sustainability is not just a guiding principle at PFC; it is deeply embedded in

our operational ethos, reflected in our dedication to environmental stewardship, social responsibility, and strong governance practices that uphold transparency, integrity, and accountability.

In this context, this ESG report serves as a strategic communication tool, providing stakeholders with comprehensive insights into our ESG performance, initiatives, and long-term commitments. This report has been prepared in alignment with all eight of GRI's foundational reporting principles—accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability—ensuring comprehensive and high-quality sustainability reporting.

Looking ahead, PFC will continue to play a pivotal role in India's green transition by enabling innovation, enabling climate-resilient infrastructure, and supporting inclusive growth. Through active collaboration with public and private stakeholders, both domestically and globally, we remain committed to driving meaningful changes for a greener and more sustainable future.



ESG Vision Of PFC

Pillar 1

Preserving the Planet

We are committed to lead by example in fostering a sustainable low-carbon economy & driving national growth by ensuring fair and sustainable financing solutions, while preserving the environment.

Pillar 2

Promoting Pathway Towards Inclusive Society

We strive to make a meaningful impact not only for ourselves but also for our stakeholders. At the forefront of our corporate ethos is fostering a diverse, inclusive, and engaged workforce, as well as enabling the community through our Corporate Social Responsibility (CSR) efforts.

Pillar 3

Pursuing Prudence

At our core, we prioritize upholding unwavering integrity, maintaining stakeholders' trust, and establishing transparency and accountability through robust corporate governance & risk management practices.

Reporting period and frequency

This second ESG report presents PFC's ESG performance for the reporting period from

1st April 2024 to 31st March 2025.

Reporting scope and boundary

The ESG disclosures in this report primarily focus on PFC's standalone operations, covering ESG practices across governance, lending activities, and internal business functions.

The report highlights our direct operational impacts, particularly our role in supporting India's clean energy transition through strategic financing of clean energy projects. It also reflects our commitment to social responsibility, including efforts toward community development and inclusive growth.

The material ESG topics included in this report were identified through a **stakeholder engagement and materiality assessment** exercise conducted in **March-April 2024**, covering both internal and external stakeholders. There has been no change to the material topics disclosed in the first ESG report.

About PFC's ESG Team

As we proudly unveil the second edition of PFC's ESG Report for FY 2024-25 titled '*Powering Progress through Sustainability*', we acknowledge the contributions received from various units that have helped in shaping this comprehensive narrative. Building on the strong foundation laid in the inaugural report, this second edition reflects a deeper integration of environmental, social, and governance considerations into PFC's core business strategy and operations. This report has been developed by ESG Team with support from KfW,

Germany's leading development bank, on behalf of the German government and showcases PFC's progress on its ESG journey, including climate-aligned financing, natural resource stewardship, inclusive community development, and high standards of ethical governance.

This second edition reinforces PFC's role as a responsible financial institution in India's clean energy transition, while also supporting the nation's development and energy security aspirations.

ESG Team



Jasneet Guram

Executive Director, ESG



Sanya Jand

Chief Manager, ESG



Deepa Jain

Deputy Manager, ESG

We welcome your feedback and questions. Please contact us at: esg@pfcindia.com

Restatement of details from previous ESG report

The list of sustainability disclosures which have been replicated from our first ESG report are as follows:

- i. Stakeholder engagement process
- ii. Materiality assessment and final list of material topics
- iii. Policies and procedures in relation to corporate governance and business ethics
- iv. Organizational profile including corporate overview, board structure, roles and responsibilities etc.

CMD Message



We see ourselves not just as a financier of infrastructure, but as partners in building a more inclusive and resilient future for the nation.



Smt. Parminder Chopra, CMD



Dear Stakeholders,

Over the past four decades, PFC has played a pivotal role in powering the nation's growth story. As we complete 40 years, we recognize that the next chapter of progress must be shaped not just by financing, but also by a sense of responsibility- one that drives meaningful, inclusive and sustainable change. In recent years, conversations around sustainability have evolved from intent to action. At Power Finance Corporation (PFC), we have embraced this transition with purpose, making conscious efforts to integrate ESG considerations into our operations.

It is with great pride that I present the second edition of our ESG Report for FY 2025, titled "Powering Progress through Sustainability." The report has been developed with the support of KfW, one of Germany's leading development banks, on behalf of the German government. This year, we took meaningful steps to strengthen our ESG foundation. We aligned our ESG disclosures 'in reference to' the Global Reporting Initiative (GRI) Universal Standards 2021 and mapped our material topics to the United Nations Sustainable Development Goals (UN SDGs). This is about strengthening our disclosures in line with global best practices and promoting transparency and accountability.

At PFC, sustainability is not just a buzzword. It is embedded in the very grain of how we operate. Our philosophy, "Funding for a Brighter Tomorrow," defines the path we walk every day. Our approach transcends traditional financing practices, as we consciously integrate environmental stewardship, social progress, and robust governance into the core of our corporate strategy. We see ourselves not just as a financier of infrastructure, but as partners in building a more inclusive and resilient future for the nation.

This past year, we made tangible progress on several fronts. More than 40% of our corporate vehicle fleet is now electric, helping us avoid around 65 tonnes of CO₂ emissions annually- small steps, but big impact. We also

introduced a comprehensive Equal Opportunity Policy aligned with the Rights of Persons with Disabilities Act, 2016, reaffirming our commitment to creating an inclusive and accessible workplace.

Our green lending portfolio continues to be a key strength. Today, PFC stands as India's leading financier of renewable energy, having cumulatively supported approximately 60 GW -around 27% of India's total renewable energy installed capacity. This year, disbursements in renewable energy doubled compared to last year. In FY 2025 alone, we supported additional 10 GW of RE capacity, resulting in estimated annual CO₂ savings of 255 lakh tonnes. The recognition we received at RE-INVEST 2024 was a proud moment, reaffirming our role in India's clean energy journey.

We also undertook a climate impact assessment of our top 22 RE projects, which together contribute to avoiding 5.3 million tonnes of CO₂ emissions annually. These insights will shape how we screen and evaluate future projects, ensuring our financing remains aligned with climate goals in a transparent and measurable way. During the year, we secured around USD 2.5 billion green funding from leading international banks and development financial institutions, including a landmark JPY 120 billion deal with JBIC, the largest of its kind with an Indian entity. In essence, we are scaling up not just capital, but also collaboration.

All of this has been made possible by the people who make up PFC- our committed teams, visionary Board, trusted partners, and the communities we serve. As we look ahead, our focus remains clear- to accelerate progress, while keeping sustainability at the center of everything we do.

The path ahead may be long and complex, but we are committed to walking it with responsibility, purpose, and a shared vision for a cleaner, more resilient future.



Organization Profile

About PFC

Power Finance Corporation Limited (PFC), a Maharatna Central Public Sector Enterprise under the Ministry of Power, Government of India, is the country's leading non-banking financial company (NBFC) in the power sector. Established in 1986, PFC has played a pivotal role in financing and catalyzing the development of India's power infrastructure across generation, transmission, distribution, and renewable segments. With nearly four decades of sectoral expertise and operational excellence, PFC continues to serve as a strategic financial partner to both public and private sector entities, delivering customized financial solutions to meet their investment needs.

In recent years, PFC has significantly expanded its focus on renewable energy and clean technology financing, in alignment with India's climate goals. PFC has demonstrated strong financial resilience and prudent risk management with its diversified portfolio. PFC's vision is to be the 'leading institutional partner for the power and allied infrastructure sectors in India and overseas across the value chain'. Through its ESG-aligned initiatives, robust governance practices, and strong stakeholder partnerships, PFC is committed to driving a sustainable, self-reliant and resilient energy future for India.



Total loan Book
INR 5,43,120 Cr



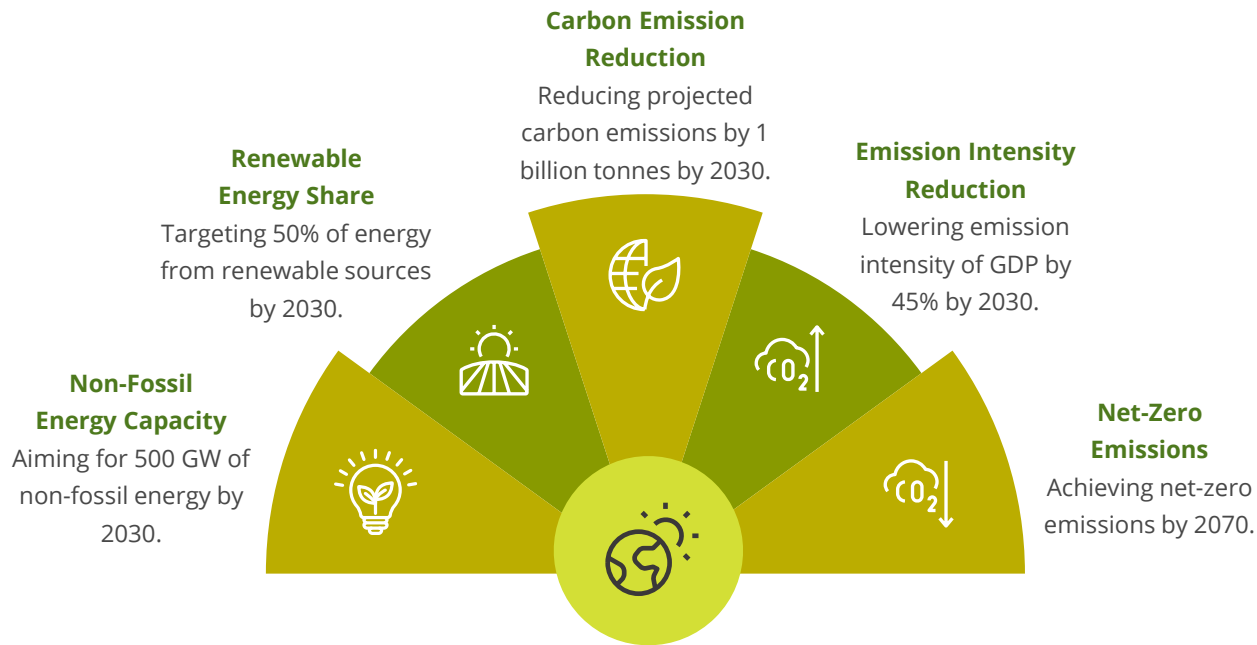
Renewable Energy Portfolio
INR 81,031 Cr



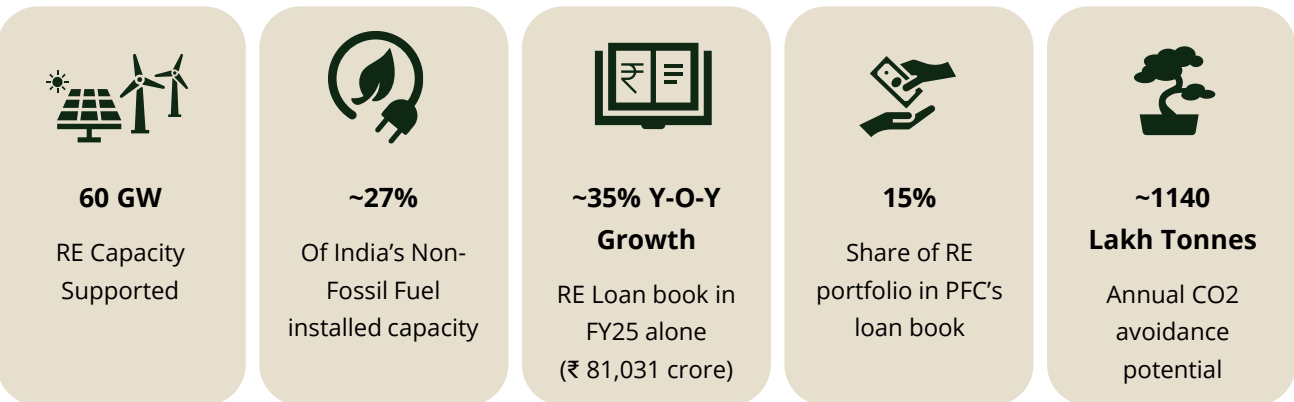
Split between Public & Private loan book
77:23

Our Contribution To India's Panchamrit Goals

India's Panchamrit commitments chart the nation's path for achieving a low-carbon and sustainable future. At PFC, we are proud to play a pivotal role in supporting these national targets through green financing and transformative energy sector interventions.



PFC's alignment with Panchamrit Goals



As illustrated in the figure above, our environmental priorities, are closely aligned with India's climate goals. Through a combination of capital allocation, and technical collaboration, we are helping to transform national ambition into on-ground action. In this regard, our long-term sustainability goals include:

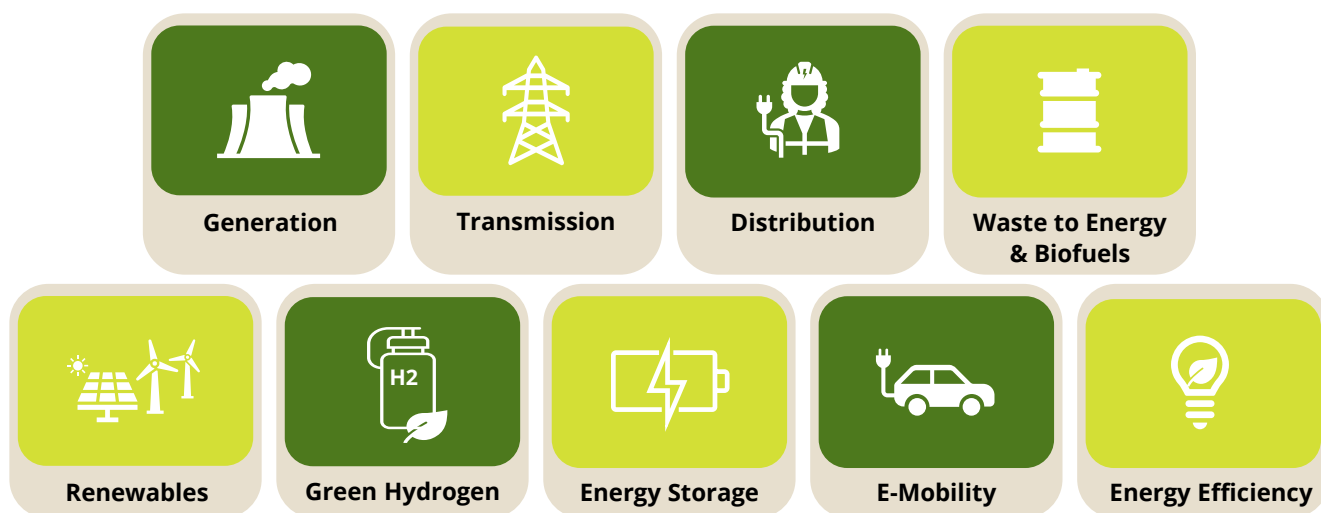
- Financing the full green spectrum—from renewables to emerging technologies like e-mobility, green hydrogen, waste-to-energy, biofuels, and desalination

- Institutionalizing sustainability within PFC, through embedding ESG into our business decision, energy-efficient operations, digitalization, and capacity building

Together, these efforts reflect our strong commitment to supporting India's climate leadership and transition to a low-carbon economy.

Our Diverse Financing Domains And Product Offerings

PFC is a key financier of India's energy transition, supporting cleaner infrastructure. Our financing spans the entire power value chain i.e., generation, transmission, distribution, and renewables, as well as other allied infrastructure sectors, reflecting our strategic role in advancing sustainable infrastructure across the nation.



We offer a wide range of fund and non-fund based financial products to support infrastructure development across the segments highlighted above. All our offerings are backed by robust credit evaluation, due diligence, and risk assessment frameworks.

Fund Based Financial Products

- PFC's direct financing tools – essentially loans and credit facilities that provide the capital for power projects and utilities.
- Tailored loans to fit project needs – long term funding or short-term cash support.



Non-Fund Based Financial Products

- Non-Fund based support to project.
- Enhance the projects credit profile and trust in the eyes of bank, investors, or suppliers.



Strategic Partnerships With The Government Of India

PFC has remained a trusted partner to the Government of India in driving transformative reforms across the power sector. Through strategic collaborations, we have supported a range of landmark initiatives aimed at strengthening the nation's energy infrastructure. Over the years, we have been at the heart of several landmark initiatives like setting up generation plants under Ultra Mega Power Projects (UMPPs) scheme, modernizing power distribution IT infrastructure under

the Integrated Power Development Scheme (IPDS), among others. More recently, we have extended our support to the Revamped Distribution Sector Scheme (RDSS), a forward-looking initiative aimed at improving the operational efficiency and financial sustainability of distribution companies. These long-standing engagements reflect PFC's commitment in shaping a more reliable and sustainable energy ecosystem across the nation.



The RDSS is a flagship initiative of the Government of India with a total outlay of INR 3.03 lakh crore, aimed at improving the operational efficiency and financial viability of DISCOMs. As nodal agency for RDSS, PFC facilitates financing and provides implementation support to enable utilities to modernize infrastructure, reduce AT&C losses and ensure 24x7 reliable power supply across the country.



PFC is responsible for appraising, sanctioning and disbursing funds to DISCOMs under RDSS



PFC provides loans to DISCOMs, covering the non grant portion of approved RDSS projects covering smart metering and loss reduction infrastructure.



PFC evaluates and tracks scheme proposals and implementation progress, ensuring alignment with RDSS's performance-based funding framework.

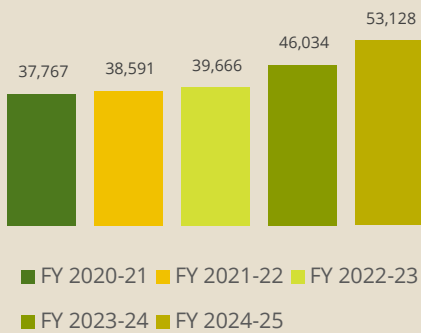
Financial Performance

As a catalyst in Indian power sector growth narrative, PFC has delivered strong financial performance, showcasing our commitment to both sustainability and profitability. Over the past five years from FY 2021 to FY 2025, we have doubled our loan disbursements, Profit

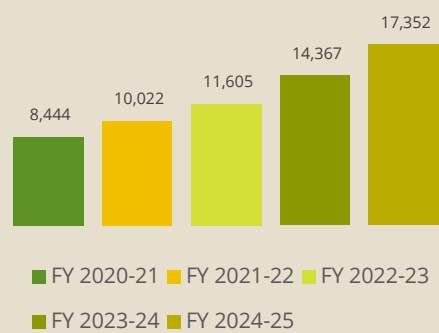
after Tax (PAT) and RE loan book. This performance highlights our ability to maintain strong earning profile laying a robust foundation for future sustainable growth.

Overview of last 5 years

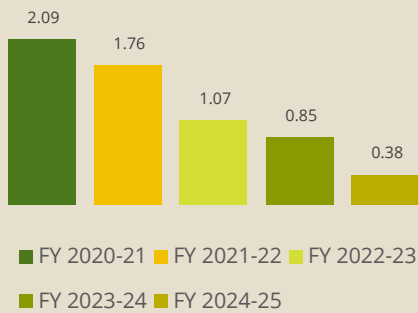
Total Income (INR Crores)



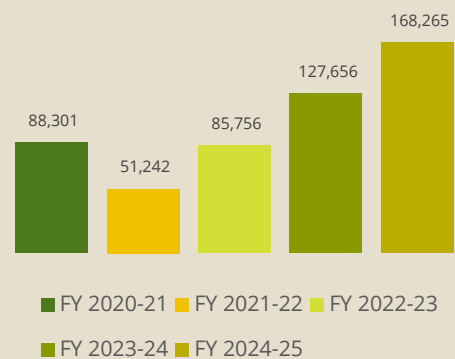
Profit After Tax (INR Crores)



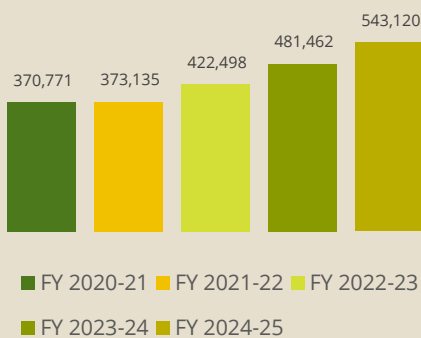
Net NPA ratio



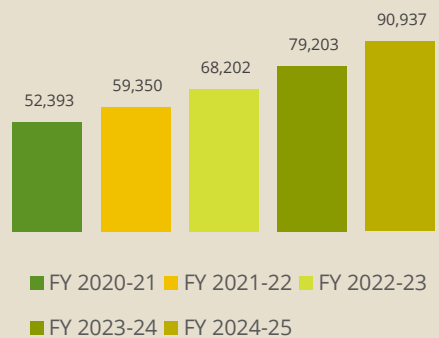
Disbursements (INR Crores)



Loan Outstanding (INR Crores)



Net Worth (INR Crores)



Industry Collaboration

We actively engage with key government committees, regulatory authorities, and industry associations to support informed policy formulation and sectoral reforms. As a nodal agency for implementing power sector reforms, we play a pivotal role in shaping policies that promote financial sustainability, renewable energy integration, and infrastructure development. Through industry collaborations, we contribute to constructive dialogues that align public interest with sectoral growth. This strategic engagement strengthens our ability to advocate for progressive financial and regulatory frameworks, enabling a robust and equitable energy ecosystem.



"Asia Transition Finance Study Group"	"Japan's New Energy and Industrial Technology Development Organization"	"World Energy Council"	"Confederation of Indian Industry"
"Institute of Internal Auditors"	"Power HR Forum"	"Institute of Public Enterprise"	"Institute of Company Secretaries of India"

India's Panchamrit commitments chart the nation's path for achieving a low-carbon and sustainable future. We have been playing a pivotal role in enabling these national targets through strategic green financing and transformative energy sector interventions.



Recognition For Financing Sustainability



"Standing Conference of Public Enterprises (SCOPE) Meritorious Award for Best Financial Institution"

"D&B's Leading Infra Finance Company"

"Outlooks' CSR Award Non-Fossil Fuel Business Category"

"Indian CSR One Decade Celebration Award"

"ASSOCHAM's Corporate Bond Market Award 2024"

"REINVEST Award"

PFC showcased its renewable energy initiatives at REINVEST 2024, promoting clean energy growth.

"Swachhta Pakhwada Award 2024"

PFC was honoured for its outstanding cleanliness and sustainability initiatives.

"Rajbhasha Niti Shresth Karyanwayan Protsahan Puraskar"

PFC received recognition for exemplary implementation of the Official Language Policy.

"Best Innovation in CSR Practices Award – Adopting New Technology for Social Upliftment of Divynagjan by ASSOCHAM"

"Governance Now PSU Award"



Governance now PSU



Swachhta Pakhwada Award



CSR ONE DECADE AWARD

Our ESG Credentials

Agency	Rating Type	Scale (Best to Worst)	FY23	FY24
Sustainalytics 	ESG Risk Rating	0 to 100	20.5 (Medium Risk)	17.3 (Low Risk)
Crisil 	ESG Rating and Core ESG Rating	100 to 0	54	57
National Stock Exchange 	ESG Score (used in NIFTY100 ESG Indices)	100 to 0	-	68
S&P Global 	S&P Global Corporate Sustainability Assessment (CSA)	100 – 0	15 (very low data availability)	26 (medium data availability)
MSCI 	MSCI ESG rating	AAA – CCC (Best to Worst)	BB	BB

Furthermore, PFC has been a constituent company in the FTSE4Good Index series* in both June '24 and June '25.

**The FTSE4Good Index Series is a set of stock market indices created by the FTSE Russell Group to measure the performance of companies that demonstrate strong ESG practices*



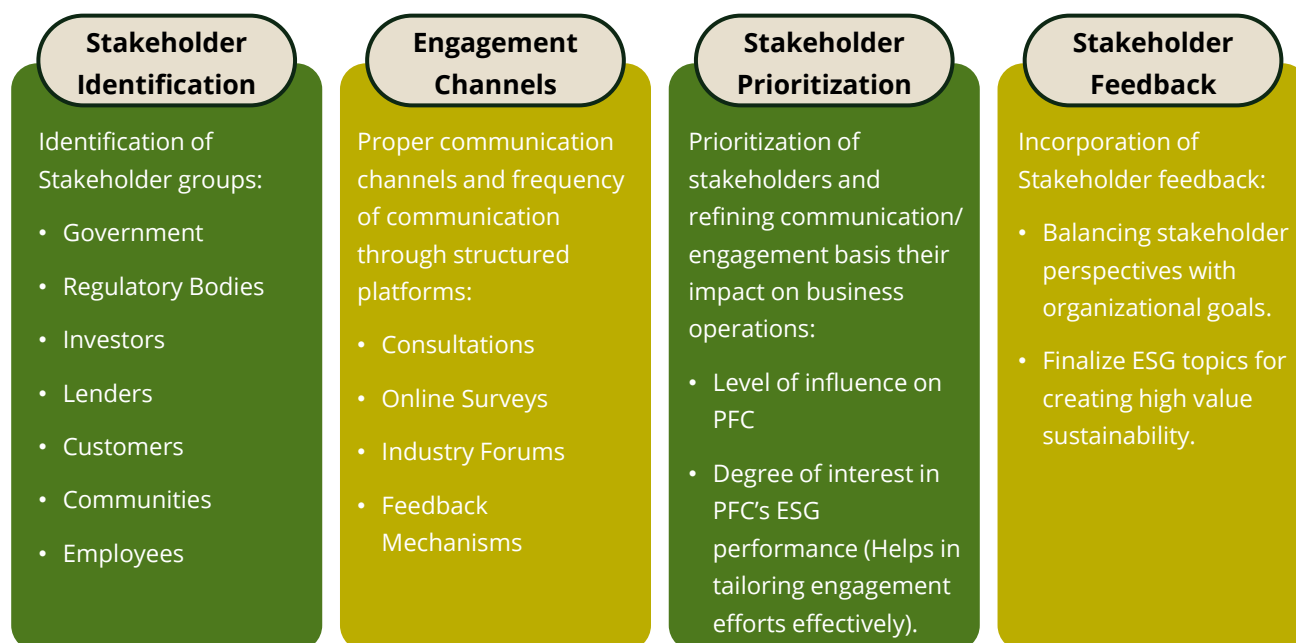
STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT



Stakeholder Engagement

Stakeholder engagement is a core pillar of our ESG strategy and corporate decision-making process. We believe that a meaningful and an ongoing dialogue with stakeholders is essential for fostering transparency, building trust, and ensuring long-term value creation. Our stakeholder ecosystem includes a diverse range of groups—ranging from government and regulatory

bodies, investors, lenders, and credit rating agencies, to customers, employees, and the communities we serve. These engagements not only shape our business priorities but also provide valuable feedback on evolving expectations around sustainability, governance, and social responsibility.



PFC hosted the **Central Sector Entities Meet 2024** in Goa from 12th to 15th December 2024, uniting over **20 premier PSUs and state utilities** for strategic discussions on energy sector growth, innovation, and future partnerships.

PFC has institutionalized a structured and responsive engagement framework, as outlined above, enabling both formal and informal interaction with key stakeholder groups. As part of its regular business activities, PFC reaches out to its stakeholders through various feedback mechanisms including meetings, roadshows, conferences and events, etc. In FY 2025, we further expanded our outreach by hosting the 'Central Sector Entities Meet 2024' in Goa bringing together key industry leaders for collaborative discussions on the

future of the energy sector, fostering partnerships and driving innovation for the industry's growth and development.

Internally, we engage with employees and leadership teams through regular town halls, functional training sessions, and capacity-building programs. We also maintain active collaboration under government schemes and CSR initiatives, ensuring that developmental outcomes are aligned with stakeholder expectations.

This proactive approach to stakeholder engagement allows us to identify material issues and create solutions that are socially inclusive and environmentally sustainable. By integrating stakeholder perspectives into our governance and reporting mechanisms, we ensure

that PFC remains agile, accountable, and aligned with India's broader sustainable development agenda. The communication channels, frequency and scope of engagement for each stakeholder group are detailed in the table below.

Stakeholder Group	Channels of Communication	Frequency of Communication	Stakeholder Engagement Initiatives
 Government	- Quarterly Performance Review Meeting - Periodic engagement through meeting with administrative representative from Ministry of Power (MoP) - Parliamentary Committee - MoU (Memorandum of Understanding) document	Regular engagement as per need	Participated in various meetings and forums of MoP.
 Regulatory Bodies	- Mandatory filings with regulators like RBI, SEBI - Meetings & Correspondence on regulatory issues concerning PFC - Periodic Inspections	Periodic, need based	- Submissions of Business Responsibility and Sustainability Reports (BRSR) and other compliances in line with SEBI regulations - Regular engagement with RBI and ensuring compliance with RBI's regulations
 Shareholders and Investors	- Quarterly financial reports, press release, investor earnings calls and investor presentation - Investor relations information portal on website - Dedicated desk for investor relations - Meeting with Institutional investors - Annual general meeting - Annual reports - Stock exchange filings - Social media	Regular engagement/ quarterly/ annual	- Organised regular quarterly earning calls post release of results - Hosted Investors Meet 2025 for interactive discussions on financial performance and strategic direction.
 Lenders	- One to one meetings - Banker meet - Stock exchange filings - Non deal credit roadshow - Bond Issue prospectus	Regular engagement as per need	PFC conducts regular roadshows domestically and internationally to engage lenders, ensuring consistent flow of capital.

Stakeholder group	Channels of communication	Frequency of communication	Stakeholder Engagement Initiatives
 Suppliers and Vendors	• Vendor Development Program • Corporate Website • GEM (Government e-Marketplace) Portal • Grievance Redressal	As and when required	• Conducted Vendor Development Programs and used the GeM portal for transparent procurement. • Introduced a Vendor Grievance Redressal Portal during Vigilance Awareness Week for timely issue resolution.
 Customers	• Business interactions • Borrowers meet • Customer feedback • Grievance channel • Interaction through LE/ LFA and other intermediaries	Regular engagement as per need	• Institutional credit checks and due-diligence with third-party verifications. • Customer satisfaction surveys • Hosted the 'Central Sector Entities Meet 2024'
 Employees	• Company's intranet portal • Internal communications- newsletter, mails, surveys • Training and capacity development programmes • Annual performance appraisal • Townhall session • Festive celebration • Grievance channel • Employees Union/ Association	Regular engagement as per need	• Organized town halls, training programs, festive celebrations, and sports tournaments (e.g., via Power Sports Control Board). • PEEPAL portal for internal engagement and knowledge sharing; celebrated Foundation Day with cultural events.
 Community	• CSR activities	Periodic - as per the scope and duration of the project	• Implemented 9 impactful CSR initiatives around the 'health and nutrition' theme.

Materiality Assessment

Understanding what matters most to our stakeholders- and how these issues intersect with our business objectives- is central to our sustainability reporting and long-term value creation. In-line with this, we conducted a comprehensive materiality assessment in March-April 2024 to align with evolving stakeholder expectations,

regulatory developments, and global reporting frameworks such as GRI and BRSR. Our materiality process is built on a multi-step methodology and is designed to evolve through ongoing stakeholder engagement, ensuring relevance, responsiveness, and accountability throughout our sustainability journey.



Identification of Relevant ESG Topics

- Identification of broad universe of ESG issues relevant to the power sector, public financial institutions, and national sustainability goals.
- Extensive review of peer disclosures, global ESG trends, and regulatory guidelines.



Stakeholder Engagement & Prioritization

- Structured questionnaires to capture perspectives on key environmental, social and governance topics.
- Questionnaires disseminated to both internal and external stakeholders.



Finalization of material ESG Topics

- Stakeholder responses were analyzed and mapped as per their priority.
- Finalization of 19 material topics

This year, we have further strengthened our alignment with global development agendas by mapping our identified material ESG topics to the United Nations Sustainable Development Goals (UN SDGs)

Material Topics		Linked SDGs			Priority
Pillar I Preserving the Planet	Low Carbon Financing	13 CLIMATE ACTION 	7 AFFORDABLE AND CLEAN ENERGY 		High Priority
	Natural Resource Consumption and Management	13 CLIMATE ACTION 	6 CLEAN WATER AND SANITATION 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Medium Priority
Pillar II Promoting Pathway towards Inclusive Society	Employee Engagement	8 DECENT WORK AND ECONOMIC GROWTH 			Medium Priority
	Diversity and Inclusion	5 GENDER EQUALITY 	10 REDUCED INEQUALITIES 		Medium Priority
	Employee Health and Positive Work Environment	3 GOOD HEALTH AND WELL-BEING 	8 DECENT WORK AND ECONOMIC GROWTH 		High Priority
	Transparency in Procurement	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 			Medium Priority
	Participating in Community Development	1 NO POVERTY 	11 SUSTAINABLE CITIES AND COMMUNITIES 		Medium Priority
	Customer experience and customer satisfaction	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 			Medium Priority

Low Priority

Medium Priority

High Priority

Material Topics		Linked SDGs		Priority
Pillar III Pursuing Prudence	Enterprise Risk Management	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	
	Reporting and Disclosures	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
	Corporate Governance and Business Ethics	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		
	Code of Conduct	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		
	Regulatory and Legal Compliance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	
	Data Security and Data Privacy	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		
	Grievance Redressal Mechanism	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		
	Financial Performance	8 DECENT WORK AND ECONOMIC GROWTH		
	Digitization of Business Processes	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		
	Responsible Procurement	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		
	ESG Governance and Board Oversight	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		
		Low Priority	Medium Priority	High Priority



PILLAR I - PRESERVING THE PLANET



PFC is well-positioned to lead India's transition towards Net Zero target, leveraging its extensive domain expertise in the power sector, strong financial capabilities and a proven track record. By leveraging these strengths, PFC plays a pivotal role in accelerating the adoption of clean technologies and resilient infrastructure, actively contributing to environment preservation and climate resilience.

Material Topics

Low Carbon
Financing

Natural Resource
Consumption and
Management



Highlights

~60 GW

Total RE
Capacity
supported
till FY 2025



**INR 81,031
Crores**

RE loan
book FY
2025



**1140 Lakh
Tonnes**

Carbon emissions
avoided in FY 2025



~44%

Transitioned corporate
vehicle fleet to Electric
vehicles (EVs)



Introduction

India's power sector is undergoing a rapid and transformative shift, driven by strong economic growth, evolving consumer expectations, and an accelerated push toward clean energy. Central to this transition are the India's Panchamrit Goals, announced at COP26, including the target of expanding non-fossil energy installed capacity to 500 GW by 2030. Additionally, India has pledged to reach net-zero emissions by 2070, signaling its long-term climate ambition. To support these goals, the Government of India has introduced several progressive policies to support renewable energy development—such as the Green Hydrogen Mission, Viability Gap Funding (VGF) for battery storage and offshore wind, and the Production Linked Incentive (PLI) scheme for solar module manufacturing.

At PFC, our commitment to environmental sustainability is central to our vision and operations. Recognizing the critical role we play in India's energy transition, we actively support initiatives that reduce carbon footprints, promote renewable energy, and enhance resource efficiency. Aligned with our ESG vision—"Powering Progress through Sustainability"—we are deeply involved in financing India's clean energy transition, including climate adaptation and mitigation projects, energy efficiency initiatives, and e-mobility advancements. By continuously integrating sustainable financing solutions into our portfolio, we continue to play a key role in renewable energy expansion and climate risk mitigation. Our strategic approach ensures that environmental considerations are factored into our decision-making processes, enabling us to lead responsibly in India's journey towards sustainability.

To guide our environmental sustainability efforts, we have identified two key material topics: (i) responsible natural resource consumption and management and (ii) low-carbon financing. The following section provides an overview of our initiatives, and the progress made in supporting India's clean energy goals and advancing environmental stewardship.

ESG Progress FY25

EV Fleet Launched by PFC in FY25

Green tie ups of
**USD 2.5
Billion**



₹29,260 Cr

Disbursement for RE Generation more than
doubled in FY 25

Low Carbon Financing



As India's largest NBFC and a leader in sustainable finance, PFC is committed to supporting the country's Net Zero goals. ESG principles are integral to our strategy and success. In FY25, we obtained over USD 2.5 billion in green funding, including a JPY 120 billion agreement with JBIC, to fund low-carbon infrastructure, renewable energy, and climate adaptation projects. We continue to maintain a strong focus on transparency and integrity in all our activities

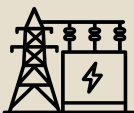
Sandeep Kumar, Director (Finance)

As a key enabler of India's energy transition, PFC continues to play a pivotal role in financing clean and sustainable infrastructure. Our commitment to decarbonization is reflected in our efforts to secure funding for green financing and strategic international partnerships that advance low-carbon growth across the nation.

A major milestone in this journey was the execution of a JPY 120 billion green financing agreement with the Japan Bank for International Cooperation (JBIC) – the largest such agreement signed by JBIC with any Indian

company to date. This landmark deal strengthens cross-border collaboration for climate-aligned investments and reinforces PFC's position as a trusted partner in global climate finance. Further validating our role in supporting India's transition, PFC was recognized at RE-INVEST 2024 for its instrumental contribution to the nation's achievement of 200 GW of non-fossil fuel installed capacity—an important step toward its national target of 500 GW by 2030. A brief overview of these loan details and updates on our ongoing green partnerships have been provided herewith.



Green Financing Initiatives	Details
 Asia Transition Finance Study Group (ATFSG)	- PFC has joined the ATFSG initiative, spearheaded by Japanese Ministry of Economy, Trade and Industry (METI), aimed at fostering cooperation and promoting sustainable transition finance across Asian countries. PFC is the first member from India to join ATFSG. - In 2024, PFC, as a key member of the Asia Transition Finance Study Group (ATFSG), contributed to advancing the bankability of transition projects. Through six focused sessions, ATFSG explored blended finance, insurance solutions, and risk management for technologies like CCUS¹ and BESS². - A key outcome was the identification of optimal public-private risk-sharing models, emphasizing the role of governments in enabling frameworks and the private sector in managing project-level risks. The Annual Report highlights practical risk mitigation strategies, stakeholder roles, and the importance of blended finance in mobilizing private capital. Key enablers include strong public leadership, ethical project development, targeted financial instruments, and enhanced stakeholder collaboration.
 JBIC Green loan	- PFC secured a term loan of approximately INR 7,153 Crore (JPY 120 billion) long-term loan from the Japan Bank for International Cooperation (JBIC) under its “GREEN” initiative, aimed at promoting sustainable development. - The loan is co-financed by Sumitomo Mitsui Banking Corporation and other Japanese banks, with JBIC providing a guarantee for the co-financed portion—demonstrating strong international confidence in PFC’s green financing strategy. - This transaction marks a significant step in India-Japan clean energy collaboration and strengthens PFC’s position as a key enabler of green infrastructure. The project is expected to contribute to energy security, job creation, and sustainable regional development.
 Japan’s NEDO	- PFC collaborated with Japan’s New Energy and Industrial Technology Development Organization (NEDO) to promote innovation in the fields of environment, energy, and industrial technology. - As a part of this initiative, in June’25, India’s first energy-efficient Micro Substation with Power Voltage transformer was inaugurated. This project was developed in collaboration with Nissin Electric, Tata Power – DDL and supported by PFC and NEDO—a major step toward a smarter, more energy-efficient power future.
 Foreign Green Financing tie-ups	- During the year, PFC successfully secured funding commitments totaling USD 2.5 billion from leading international banks and development financial institutions across Southeast Asia and Europe. - In line with PFC’s ongoing commitment to decarbonization and the transition to green energy, the funds will primarily be directed to finance assets excluding thermal generation projects.

[1] CCUS - Carbon capture, utilization and storage

[2] BESS - Battery Energy Storage System

Financing Solutions And Policy Support For Energy Transition

PFC has been the pioneer in the clean energy financing space. Over the years, we have introduced a range of initiatives to support the sector, including the development of enabling policies, streamlined processes, and tailored credit products.

Our commitment remains strong as we continue to adapt and innovate our offerings to support emerging technologies and new segments within the clean energy landscape.

Vast Enabling Ecosystem Developed to Promote Clean Energy Financing

Attractive Interest Rates

- Provide interest rates that are 1.0–1.5% lower than those offered for conventional power generation projects.
- Offer additional financial benefits upon successful commissioning of the project.



Processes

- Dedicated business units focused on financing solar, wind, and energy efficiency projects.
- A web-based loan application platform to enable quicker and more efficient project appraisal.
- Use of standardized loan documentation for solar projects to streamline processes and minimize paperwork.



New Products

- Issuance of a Letter of Undertaking to renewable energy (RE) project developers, which can serve as a substitute for a Performance Bank Guarantee in tariff-based bidding processes.
- Launch of specialized financial products to support capital expenditure for establishing manufacturing facilities for RE equipment.
- Provision of project-specific funding tailored for RE equipment manufacturers and EPC (Engineering, Procurement, and Construction) contractors.



Financial Covenants

- To enable faster financial closure, PFC offers the option of sole lending for debt requirements up to ₹2,000 crore.
- Lower prepayment charges are provided to enhance borrower flexibility and reduce financing costs.



Furthermore, in FY 2025, PFC actively participated in various summits, conferences and forums focused on social development, energy transition and inclusive growth. These engagements reinforced our commitment to knowledge exchange, policy dialogue and partnerships that align with national priorities and global sustainability goals.



26 World Energy Congress (WEC), Rotterdam



Outlook Sustainability Summit 2024



CRISIL Annual Infrastructure Summit 2024



5th Annual India Power Conference 2024



#REINVEST 2024



Innovation for Cool Earth Forum (ICEF), Tokyo



Brainstorming Conclave on "Indian Power Sector Scenario by 2047"



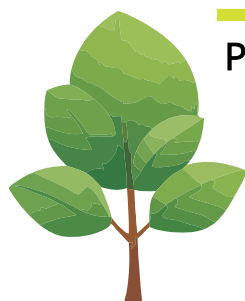
GRIDCON 2025

Green Bond Framework

Our green bond framework, approved in September 2021, governs the deployment of green bond proceeds and is a single methodology in place for all future green financing instruments. This ensures that the principles of the framework are applied to each instrument issued and the proceeds are invested in renewable energy. This

framework is aligned with the global climate financing principles and standards³.

The eligibility criteria for green projects financed through our green bond framework:



Project Eligibility under PFC's Green Bond Framework

Renewable Energy

- Onshore solar electricity generation facilities (with ≥85% of electricity generated to be derived from solar energy), dedicated transmission and other supporting infrastructure
- Onshore wind energy generation facilities (at least 85% of electricity generated from wind energy), dedicated transmission and other supporting infrastructure

Emissions avoided through our Renewable Energy portfolio

This year, to assess the climate impact of our renewable portfolio, we selected top 22 projects spanning across solar, wind, and hybrid technologies, totaling approximately 6.5 GW of installed capacity. The

objective was to conduct a detailed project-wise analysis to estimate emissions avoided (see table below). The emissions avoidance calculations were performed employing internationally recognized methodologies.

Project Type	Capacity (MW)	PFC's support - Disbursements (in ₹ crores)	Financed Emissions Avoided Combined (tonnes)
Solar Power	799	1,723	3,38,761
Wind Power	300.3	1,630	5,10,695
Wind Power	302.4	1,546	2,01,675
Wind Power	252	1,502	3,77,666
Hybrid Power (Solar & Wind)	487	1,302	1,96,056
Hybrid Power (Solar & Wind)	272.4	1,146	1,07,622
Hybrid Power (Solar & Wind)	272.4	1,146	65,562
Solar Power	320	1,125	2,52,769
Hybrid Power (Solar & Wind)	280	1,058	3,75,731
Wind Power	252	954	3,27,909
Solar Power	300	918	3,69,734
Wind Power	199.9	878	1,16,761
Wind Power	199.9	878	71,129
Solar Power	250	858	1,10,235
Solar Power	216	819	2,58,450
Wind Power	326.7	801	2,90,208
Hybrid Power (Solar & Wind)	321.5	790	2,38,804
Wind Power	200	756	2,59,434
Solar Power	216	746	2,57,344
Solar Power	336	742	1,64,757
Wind Power	179.1	714	2,34,427
Solar Power	205	690	1,32,237
TOTAL	6,488	22,721	52,57,965

[3] the Climate Bonds Standard version 3.0, the Green Bond Principles (GBP), 2021 issued by the International Capital Markets Association (ICMA) and the Green Loan Principles (GLP) published by the Loan Markets Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) in 2021.

The selected portfolio includes a mix of projects- ranging from those yet to be commissioned, to recently commissioned and projects commissioned with up to 9 years of operational history, providing verified long-term performance validation for climate impact projections.

The portfolio achieves an outstanding intensity of 810 tCO₂e per MW installed, reflecting optimal project selection and geographic deployment strategies. Wind power projects demonstrate the highest climate impact efficiency at 1,080 tCO₂e per MW, reflecting superior capacity factors and optimal site selection in high resource. Solar power projects achieve 713 tCO₂e per MW efficiency, while hybrid projects generate 602 tCO₂e per MW, with the latter benefiting from complementary generation profiles that optimize grid integration and provide enhanced energy security. Key assumptions used in the assessment are as follows:

- **Emission Factors:** The baseline methodology utilizes Central Electricity Authority (CEA) of India emission factors Version 20.0 (2024) following the Combined Margin emission factor of 0.757 tCO₂/MWh as specified in CDM Tool 07 Version 7.0, ensuring conservative and scientifically robust calculations. These margin emission factor reflects the grid displacement impact of renewable energy generation, representing the carbon intensity of electricity that would otherwise be generated by conventional thermal power plants.
- **Generation Data:** The portfolio maintains high data quality standards with 72.7% of projects reporting

actual available generation data. For the remaining projects, emissions avoided were conservatively estimated using CEA-standard capacity utilization factors- 21% for solar and 25% for wind projects, ensuring robust climate impact calculations.

- **Attribution Factor:** Each project incorporates a project-specific attribution factor reflecting PFC's proportional financing contribution to total project costs, following the Partnership for Carbon Accounting Financials (PCAF) Part A methodology for project finance attribution. Further, the calculations are aligned with standard for GHG Protocol Scope 3, Category 15 requirements for avoided emissions quantification.

We partnered with AA Impact to conduct this structured assessment of avoided emissions within our renewable energy portfolio. Through AA Impact's A2 Intelligence platform, we precisely quantified the emissions of our project loan. These insights are invaluable for understanding our current portfolio's climate impact and will guide future investment evaluation with an emissions avoidance focus.

Conclusion - The selected portfolio generates 5.3 million tonnes of CO₂ equivalent in annual financed emissions avoided equivalent to removing approximately 1.12 million passenger cars from Indian roads, demonstrating PFC's substantial contribution to national decarbonization efforts while supporting India's commitment to achieve 500 GW of renewable energy capacity by 2030.

Clean energy projects financed by PFC



PFC is well-positioned to lead India's transition towards its Net Zero target. We are proud to be the largest renewable sector financier in the country, having supported ~60 GW of renewable energy installed capacity. This portfolio helps avoid approximately 1140 lakh tonnes of CO₂ emissions annually- an example of the difference responsible financing can make.



Rajiv Ranjan Jha, Director (Projects)

PFC continues to be the largest renewable sector financier in the country, having supported ~60 GW of renewable energy capacity in India till FY 2025. This accounts for ~27% of India's non fossil fuel based installed capacity (around 220.1 GW as per CEA, March 2025).

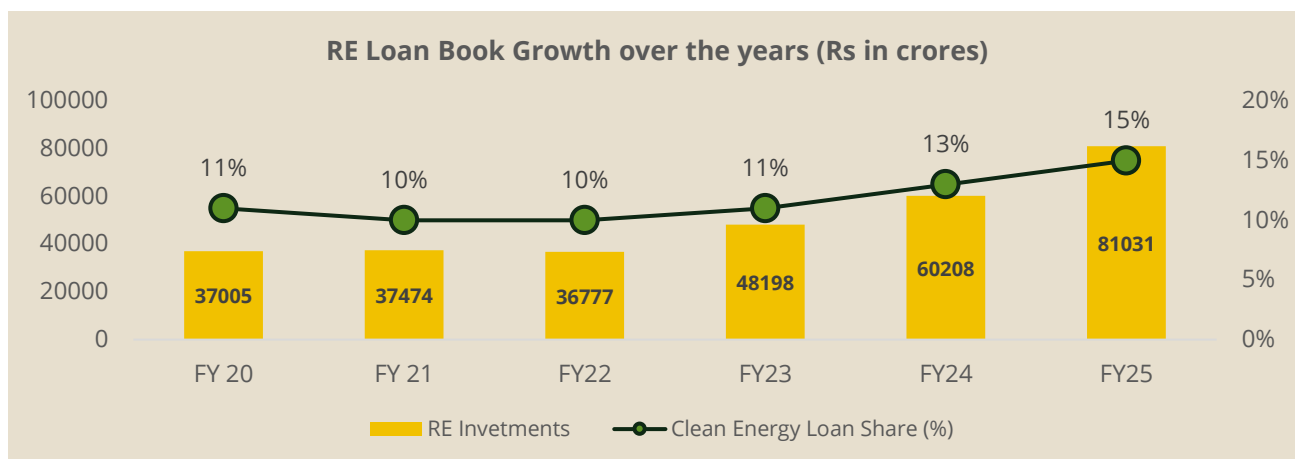
Our renewable energy loan book has grown at a robust CAGR of ~17%, growing from INR 37,005 crore in FY2020 to INR 81,031 crore in FY25 as seen in figure below.

Cumulatively till FY 2025, we have disbursed over INR 1.38 lakh crore towards clean energy projects.

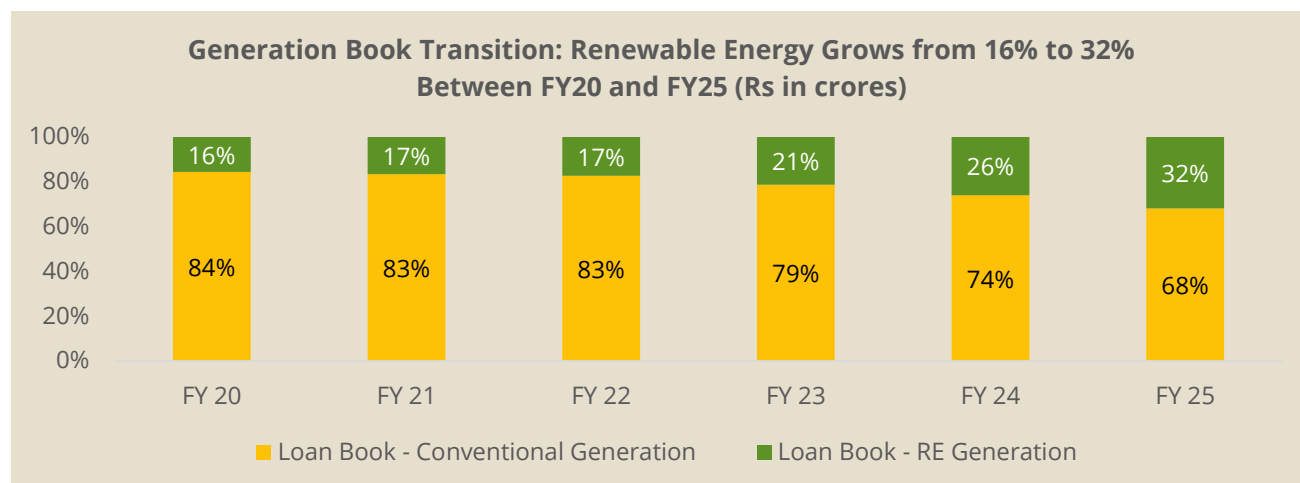
Through ongoing financial innovation, strategic partnerships, and alignment with global climate priorities, PFC continues to mobilize capital into renewable energy, energy efficiency, and sustainable infrastructure. These efforts not only contribute to India's climate goals but also position PFC as a frontrunner in catalyzing green growth at scale.



PFC Leads as the Nation's Top Renewable Financier



Over the past five years, the share of renewable book in our total loan assets has increased from 11% in FY 2020 to 15% in FY 2025, highlighting our strong alignment and commitment to advancing the GoI's clean energy transition goals.



RE Book More Than Doubled

Over the last three years, PFC's renewable energy loan book has more than doubled, reflecting our strong commitment to clean energy financing.



35% Year-on-Year Growth

In FY'25, PFC recorded a 35% Y-o-Y increase in its renewable energy portfolio, driven by strategic investments in solar, wind, and hydro projects.

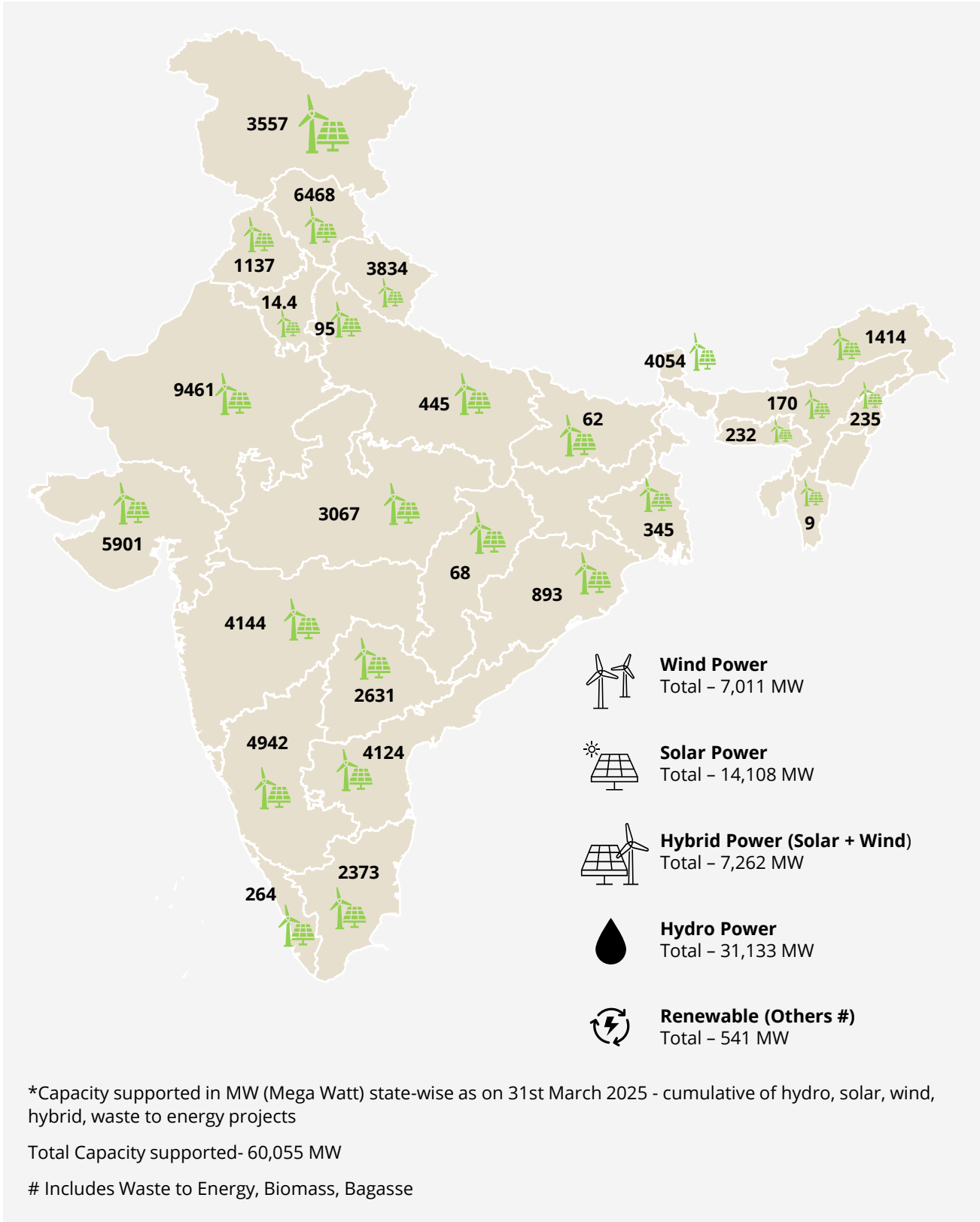


Disbursements Nearly Doubled

Renewable energy disbursements in FY'25 almost doubled compared to the previous fiscal year, underscoring our accelerated support for India's energy transition.

While conventional generation continues to account for a major share of the generation book, the proportion of loans allocated to renewable energy (RE) generation has

grown steadily—from 16% in FY 20 to 32% in FY 25. This trajectory reflects PFC’s strategic commitment to accelerating low-carbon financing and aligning its portfolio with national clean energy goals.



The RE capacity PFC has supported CO₂ emission avoidance potential of 1140 Lakh Tonnes per year*, equivalent to the amount of CO₂ absorbed by 456 Crore trees in a year**.

CO₂ Avoidance 1140 Lakh Tonnes per year



CO₂ Absorbed 456 Crore trees in a year



Notes:

*Assumptions for estimation of CO₂ emission avoidance potential

1. Estimation based on Capacity Utilization Factor (CUF)/ Plant Load Factor (PLF) of each category as per Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020.
2. PLF for Large Hydro calculated based on large hydro generation from April 2024 to March 2025 and installed capacity as on 31.03.2025 (CEA)
3. CUF of wind power approximated based on data from National Institute of Wind Energy, Ministry of New and Renewable Energy, Government of India
4. Grid Emission Factor (inc. RES) (tCO₂/MWh) of 0.727 tonne CO₂ per MWh (CEA December 2024)

** Assuming 25kg CO₂ absorbed by a tree a year (EcoTree International)

Natural Resource Consumption And Management

At PFC, we are deeply committed to reducing our natural resource consumption and embedding sustainability into every aspect of our business operations. A comprehensive overview of our resource consumption metrics, reflects our proactive approach to monitoring, managing and continuously improving our environmental performance.



Resource management

Our total energy consumption in FY25, has reduced from ~6398 GJ in FY24 to ~5892 GJ in FY25. Furthermore, our energy intensity per INR crore of turnover has reduced from 0.14 in FY24 to 0.11 in FY25.

Our total water consumption in FY25 has increased from approximately ~5266 Kilolitres in FY24 to ~6126 Kilolitres in FY25. Our water intensity per INR crore of turnover has seen a marginal increase from FY24 levels of 0.11 to 0.12 in FY 25. We actively monitor our water footprint and remain committed to responsible water stewardship.



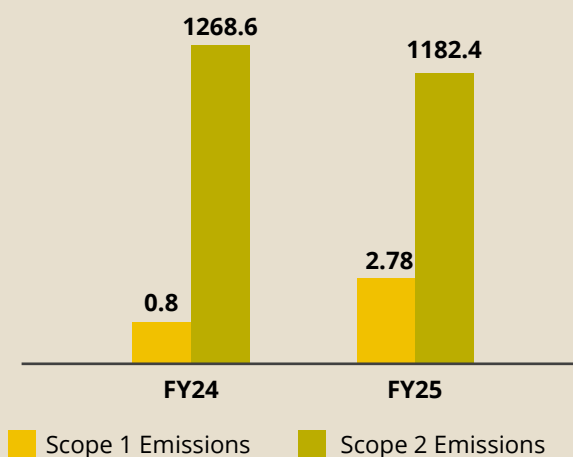
Emissions Management

As a responsible and sustainability-focused organization, PFC has undertaken multiple initiatives to reduce its operational carbon footprint. We have adopted several energy-saving strategies, such as using star-rated, energy-efficient appliances and equipment, resulting in measurable reduction in electricity consumption and as a result, Scope 2 emissions.

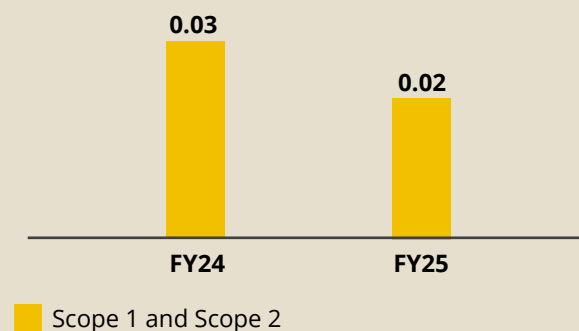
To further strengthen our commitment to environmental stewardship, we have also digitized several operational workflows. Key initiatives include the use of e-office file management systems, and electronic dissemination of audited financial statements, shareholder communications, and regulatory circulars—reducing paper use and promoting a more sustainable workplace culture.

In a significant step toward low-emission mobility, PFC has transitioned its more than 40% commercial vehicle fleet to electric vehicles (EVs), further reducing Scope 1 emissions. As a result of these measures, we have been able to reduce our GHG emissions intensity from 0.03 TCO₂e in FY24 to 0.02 TCO₂e in FY25.

Scope Wise Emissions (tCO₂e)



Emissions intensity (Scope 1 and 2) per INR Crore of turnover



E-Vehicle Initiative: Driving Sustainable Mobility



In a bold step towards environmental sustainability, Power Finance Corporation launched its official electric vehicle fleet in FY25, marking a key milestone in its commitment to a low carbon future. The fleet flag-off ceremony, held at PFC's headquarters, was led by Smt. Parminder Chopra, CMD, and Shri Manoj Sharma, Director (commercial), reflecting the top leaderships

dedication to climate conscious operation.

As part of this initiative, PFC introduced 24 electric vehicles into its operational fleet. The transition to EVs is expected to significantly reduce tailpipe emissions, aligning with the organization's broader sustainability goals and India's push for cleaner transportation solutions.

Impact of the initiative



Promote awareness and adoption of EVs within the power sector ecosystem.



65.1 Tonnes of CO2 emissions avoided annually.



Equivalent to the amount of CO2 absorbed by 2,714 trees in a year.





Waste management

Effective waste management is a vital part of our sustainability efforts. We are committed to minimizing waste generation from our operations, encouraging recycling, and ensuring responsible

waste disposal practices to reduce our environmental footprint. Our waste management practices focus on continuous improvement and resource efficiency.



Paperless Office Transformation

- PFC is actively promoting E-office systems and digital workflows to significantly reduce paper usage across departments.
- Internal file movement is now conducted through online systems, streamlining operations and reducing physical paperwork.



Plastic Reduction Measures

- PFC is committed to minimizing plastic usage within its office spaces.
- Eco-friendly alternatives such as jute bags, cloth bags, and paper folders are being actively promoted among employees and visitors.



Organic Waste Composting

- PFC has installed a 50 kg capacity composting machine on its premises.
- This machine converts up to 90% of organic waste into compost within 24 hours.
- The generated compost is used for plantation and landscaping within the office premises, supporting green cover enhancement.



E-Waste Management

- PFC ensures the safe disposal of outdated IT hardware through authorized recycling partners under Central Pollution Control Board, Government of India & State Pollution Control Committee/ Board after following due process as per norms
- Devices are refurbished and reused wherever feasible before being responsibly discarded, reducing electronic waste.



Greening Rural Power:

PFC's financing support for solarizing agricultural sector in Maharashtra

Introduction:

India's agriculture sector accounts for nearly 18% of total electricity consumption, with rural areas often facing challenges like unreliable daytime power supply and dependence on fossil-fuel-based solutions. These inefficiencies impact both productivity and sustainability in farming operations.

Recognizing this challenge and the opportunity it presents for accelerating India's solar ambitions, the Government of Maharashtra launched the Mukhyamantri Saur Krushi Vahini Yojana (MSKVY) to promote the solarization of agricultural feeders. This initiative is designed to reduce dependence on conventional power, ensure consistent daytime

electricity for farmers, and enhance rural energy access. MSKVY also encourages decentralized solar planning at the district level, helping minimize transmission losses and promote local energy resilience.

PFC is providing term loans to projects being implemented under the MSKVY scheme. In FY 2024-25, PFC has sanctioned financial assistance of ₹ 3,805 crores to six Special Purpose Vehicles (SPVs) implementing approximately 1.13 GW under this scheme at a total estimated cost of ₹ 5,144 crores, out of which PFC has disbursed ₹ 885 crores during the financial year. For project financed, it will enable around 1.25 GW of solar capacity and mitigate approximately 1.75 million tons of CO2 emissions.

Project Impact/Outcome:

1

Feeder Solarization Target

Aims to solarize 30% of agricultural feeders by 2025, enhancing energy sustainability in rural Maharashtra.



2

Employment Generation

Estimated creation of around 2,500 direct and indirect job opportunities, supporting local economic development.



3

Agriculture Upliftment

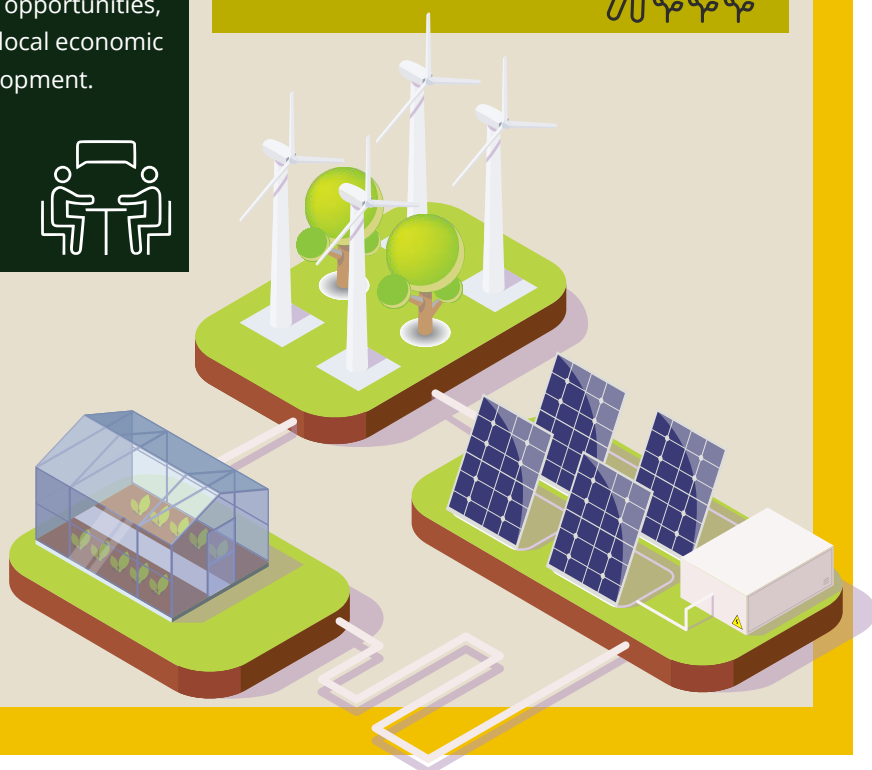
Ensures reliable power supply to boost agricultural productivity and improve rural livelihoods.



4

Household Benefits

Approximately 425,000 rural households are expected to benefit through improved energy access and reliability.



Financing a circular water economy: PFC's support to STP Infrastructure

Introduction:

Sewage Treatment Plants (STPs) are a cornerstone of sustainable urban infrastructure, playing a vital role in safeguarding India's water resources and environmental health. With rapid urbanization, India now produces over 72,000 million litres (MLD) of sewage daily, while the country's treatment capacity stands at only about 31,841 MLD—highlighting a significant gap in wastewater management.

This imbalance contributes significantly to water pollution in rivers and groundwater, threatening ecosystems, public health, and livelihoods. Strengthening sewage treatment infrastructure is therefore essential—not only to reduce pollution, but also to support water recycling and the reuse of treated water in agriculture, industry, and non-potable

urban applications—thereby promoting a circular water economy.

Furthermore, STPs support India's commitment to UN Sustainable Development Goal No. 6 (Clean Water and Sanitation) and contribute to broader objectives such as climate resilience, sustainable urban development, and improved public health. By financing STPs, PFC is actively enabling the development of climate-smart, resilient infrastructure that underpins long-term environmental and social sustainability.



Project Highlights:

Project Financing



PFC has sanctioned ₹164 crore as the sole lender for setting up five STPs with a total capacity of 480.5 MLD across Hyderabad, Telangana.

Technology and Scope



The STPs will use Sequential Batch Reactor (SBR) technology and include 15 years of operation and maintenance at various locations.

Environmental Impact



The project will treat sewage collected from catchment areas before discharging into the Musi River, producing recyclable-quality water for industrial and agricultural use.

Project Impact/Outcome:

Urban Sewage Challenge

Hyderabad generates 1,650 MLD of sewage, but with only 772 MLD of treatment capacity, 878 MLD remains untreated—much of it polluting the Musi River.

Project Vision & Environmental Goal

The STP initiative aims to treat sewage with minimal chemical use before discharge, significantly reducing river pollution and enhancing water quality.

Local Development & Employment

The project is expected to create jobs and support social development by engaging the local workforce in construction, operations, and maintenance.

Public-Private Synergy for Sustainability

The initiative encourages industry-government collaboration to reduce pollution and promote the reuse of treated water for industrial and construction purposes.



Modernizing power distribution through smart metering implementation

In 2021, the Government of India launched the Revamped Distribution Sector Scheme (RDSS), an important initiative aimed at improving the financial viability and operational efficiency of power distribution companies (DISCOMs). A key component of RDSS is the nationwide rollout of 250 million smart prepaid electricity meters, replacing conventional meters to enhance billing accuracy, reduce losses, and empower consumers.

PFC is the nodal agency for RDSS.

As of June 2025, over 30 million smart meters have been installed nationwide. Of these, 5+ million meters are already operational in prepaid mode, enabling consumers to manage their electricity usage more efficiently.

Leading states in terms of deployment include Assam, Bihar, Haryana, Madhya Pradesh, Rajasthan, and Uttar Pradesh, showcasing strong momentum in adoption.

Project Highlights

Environment and Energy



- **Energy Conservation:** Real-time consumption data helps users identify inefficiencies and adopt energy-saving practices.
- **Demand Side Management:** Enables load balancing, peak demand shifting, and integration of renewable energy sources.
- **Customized Tariffs:** 15-minute interval data supports Time-of-Use (ToU) pricing, encouraging off-peak usage and reducing emissions.
- **Carbon Footprint Reduction:** Optimized energy use and net metering reduce excess generation and support Decentralized Renewable Energy (DRE) integration.
- **Automation Benefits:** Remote meter reading, billing, fault detection, and reconnections reduce manual interventions.

Social

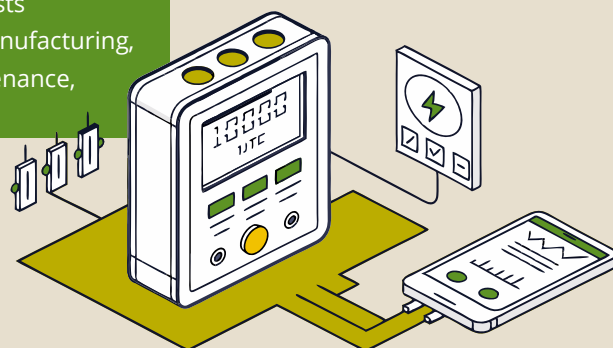


- **Consumer Empowerment:** Detailed usage data enables informed decisions and builds trust in billing accuracy.
- **Ease of Access:** Mobile apps and portals allow remote tracking and "pay-as-you-use" flexibility.
- **Reliability & Safety:** Rapid outage detection improves service reliability, especially during emergencies.
- **Targeted Benefits:** Accurate consumption data ensures fair subsidy distribution and identifies households needing support.
- **Job Creation:** Boosts employment in manufacturing, installation, maintenance, and data analytics.

Governance



- **Data Transparency:** Precise usage data aids national energy monitoring and policy-making.
- **Regulatory Compliance:** Automated reporting simplifies adherence to energy standards.
- **Cybersecurity & Data Protection:** Encryption and protocols safeguard consumer data and grid integrity.
- **Planning & Risk Management:** Real-time data supports long-term energy planning and preventive maintenance.



Project Impacts

Estimated saving of 75 MU & Rs 60 Cr annually in Assam's Govt. offices based on assessment of disconnections in 10,000 Govt offices using Prepaid Smart Meters



Smart meter coverage rose from 11.7% in 2021-22 to substantial levels by 2023-24, improving collections and billing transparency in Bihar (SBPDCL)



20+ lakh meters installed, in Assam leading to a 17% drop in consumption and ₹200 Cr savings in 6 months.



Smart meters installation was leveraged by MP West Discom to enable 6.57 lakh remote disconnections and reconnections and achieved over 98% billing accuracy





PILLAR II - PROMOTING THE PATHWAY TOWARDS INCLUSIVE SOCIETY



At PFC, we recognize that our people are the cornerstone for sustainable growth and long-term value creation. At the heart of our organization is a commitment to cultivate an inclusive, supportive, and growth-oriented workplace- one that promotes professional development, well-being and equal opportunities for all. Through employee engagement and a culture rooted in trust and empowerment, we strive to enable every individual to thrive and contribute meaningfully.

Material Topics	Employee Engagement	Diversity and Inclusion	Employee Health and Positive Work Environment
	Participating in Community Development	Transparent and Responsible Procurement	Customer Experience and Customer Satisfaction

Highlights

Attrition Rate 0.73% 	Diversity & Inclusion 22% Female Employees 	Total training in person days 1921 	Gender pay gap 0 Pay gap at all Grade Levels 
Return to work from maternity leave 100% 	Profit per employee 31.6 Crores 	Total disbursed amount for CSR in FY 2025 244 Crores 	

Introduction

Extending beyond the boundaries of our organization, PFC's commitment to progress also embraces the communities we serve. As a responsible public sector enterprise, we integrate social impact into our operations through focused CSR initiatives and inclusive procurement practices. These efforts aim to uplift underrepresented groups, improve access to essential services related to societal wellbeing and foster long term resilience.

Together, our people centric approach – both within and beyond the organization – reflects PFC's beliefs that sustainable development begins with empowering individuals and extends to creating lasting value for society at large.

This section outlines our initiatives and a brief overview of our employee practices, community development, CSR activities, and procurement practices, aligned with our vision of empowering people and supporting inclusive social progress.

ESG Progress FY25

Launched an online employee grievance redressal portal 	
	Attrition rate continues to remain low at 0.73% in FY25
Introduced Equal Opportunity policy 	
	50% women in new hires



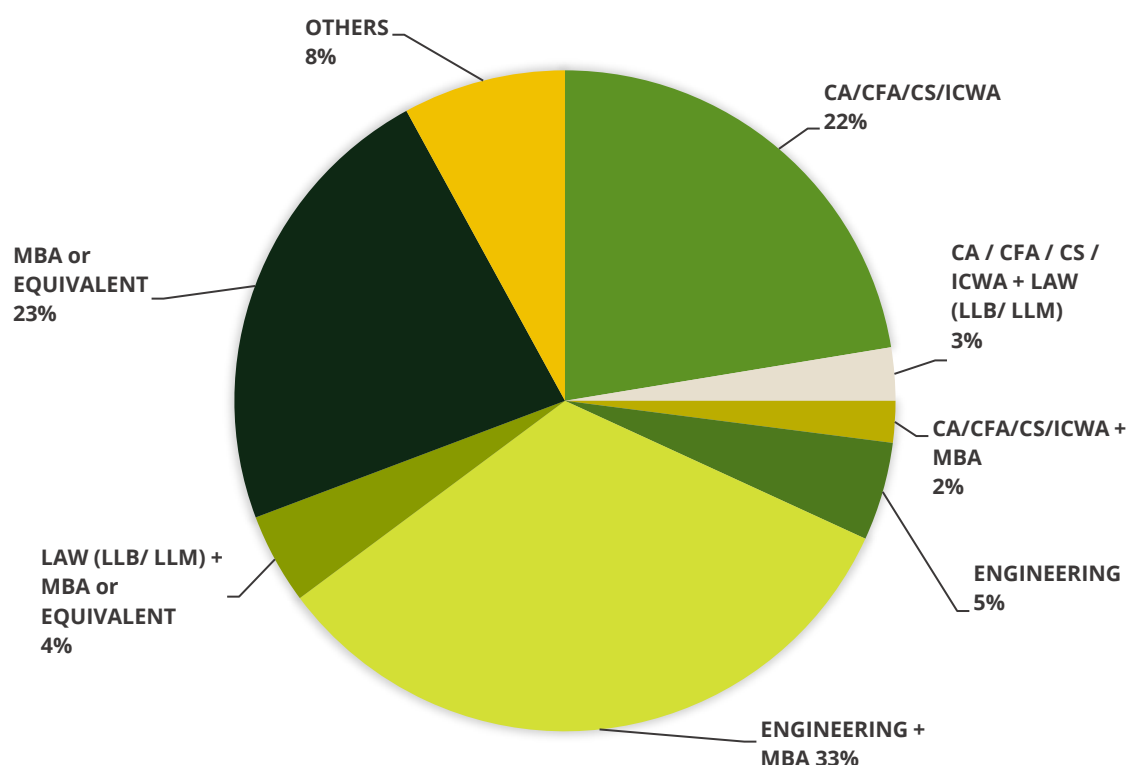
Employee Overview And Inclusive Work Culture

As a nodal institution supporting India's energy transition, PFC remains committed to fostering a diverse, inclusive, future-ready, and actively engaged workforce that plays a pivotal role in long-term value creation. Our employee profile reflects continuity and reliability, supported by a strong emphasis on diversity, well-being, and continuous professional development.

As of FY2024-25, the organization had 540 permanent employees, with 22% women in the workforce. In addition to the permanent employees, 215 personnel have been engaged to provide support and peripheral services at PFC Ltd. through an outsourced agency, which manages all compliance, payroll, and related administrative functions. We are happy to share that the attrition rate continues to be below 1% (0.73% in FY25), underscoring high levels of employee retention and satisfaction. 50% female representation among new

hires this year highlights our dedication to building a gender-diverse and representative workplace. Over the past year, we strengthened our focus on employee empowerment and organizational culture through a range of initiatives—including the expansion of ESG-focused training modules, strengthening of grievance redressal systems by introducing a dedicated online portal, and reinforcement of ethical conduct and governance frameworks.

PFC's workforce comprises a diverse pool of professionals with qualifications spanning management, engineering, finance, accountancy, law, and IT—reflecting the Corporation's commitment to multidisciplinary expertise. Our recruitment practices are merit-based, and we continue to onboard talent through campus hiring from premier institutions, ensuring a high-caliber, future-ready talent base.





Diversity and Inclusion

Progress is truly meaningful when it is inclusive. Diversity, Equity, and Inclusion (DEI) are not treated as independent initiatives but are embedded in the very ethos of our organizational culture. We view DEI not as a

box to be checked, but as a foundation pillar for building a capable and empowered workforce that reflects the values of fairness, representation and equal opportunity.



At PFC, our commitment to sustainability extends beyond the workplace through impactful CSR initiatives that promote inclusive growth and sustainable development across India. Our initiatives focus on improving health & sanitation, environment sustainability, supporting education, and other areas aimed at enhancing the quality of life for society at large. Internally, we strive to create an inclusive and supportive workplace where diversity is embraced. This year, we introduced an Equal Opportunity Policy to ensure every employee feels respected, valued, and empowered to grow.

Manoj Sharma, Director (Commercial)



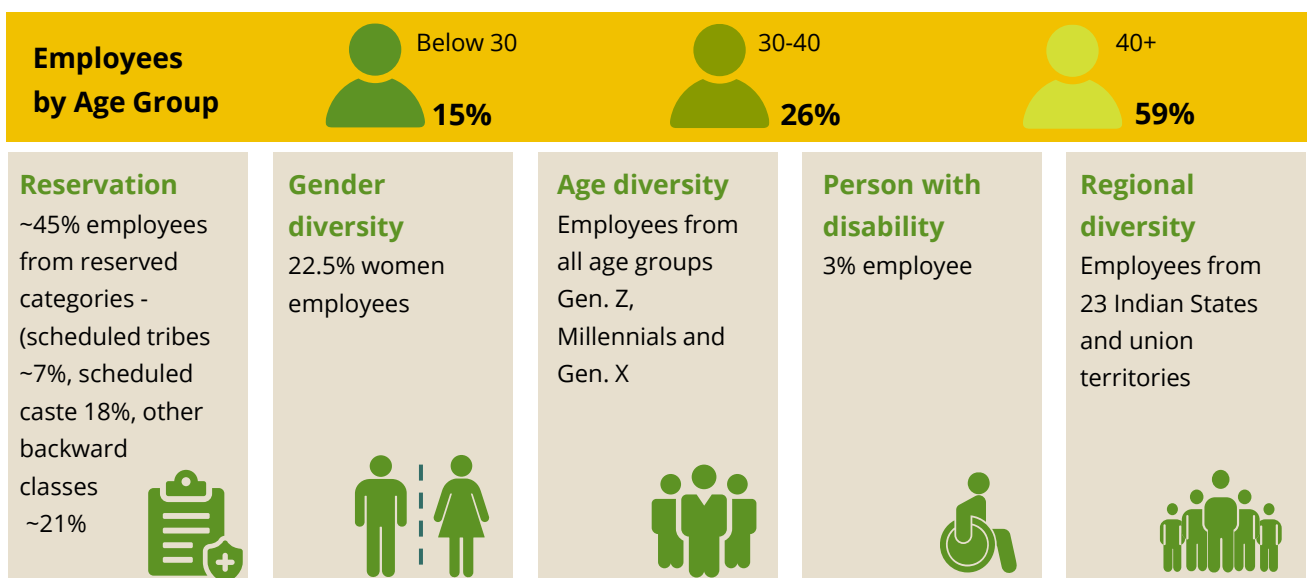
Guided by insights from our first ESG materiality assessment, PFC continues to evolve its people strategy through structured inclusion efforts, equitable access to learning and development opportunities and an enhanced focus on employee experience. These actions are designed to enable our workforce to lead with purpose as we support India's transition to a sustainable energy future.

Building on focus on Diversity and Inclusion, one of the identified material topics, this year PFC has introduced Equal Opportunity Policy in accordance with Rights of Persons with Disabilities Act, 2016. Our policy ensures a discrimination-free, accessible workplace, offer inclusive recruitment practices, and provide necessary support and benefits to foster the professional growth and well-being of employees with disabilities. The policy covers

all employees, irrespective of grade or location, and extends support to those who acquire disabilities during their tenure, reinforcing our dedication to inclusivity, dignity, and fair treatment at every stage.

Our permanent lean workforce brings together the energy and fresh ideas of younger employees with the experience and leadership of seasoned professionals. This diversity in age groups cultivates a balanced environment where innovation is nurtured, and institutional knowledge is preserved.

Ensuring external accountability is also integral to our approach. The measures undertaken to secure the representation of marginalized communities and their welfare in PFC are also examined by Parliamentary Committees and National Commissions from time to time, reinforcing transparency and credibility through independent oversight.



Ensuring Pay Parity

Our commitment to equitable treatment begins with how we value and compensate our people. We ensure equal remuneration to men and women employees in accordance with the Equal Remuneration Act, 1976 with no discrimination based on gender. Being a government undertaking, employee pay, and allowances are

determined according to guidelines issued by the Department of Public Enterprises (DPE), Ministry of Finance, Government of India. These pay guidelines are applicable to all CPSEs in a grade-wise manner without any gender-based disparities.

Human Rights

At PFC, we are committed to upholding human rights across all facets of our operations. We maintain a workplace rooted in equality, dignity, respect, and non-discrimination, guided by relevant national legislations and global best practices. Our approach focuses on safeguarding the rights of marginalized and underrepresented groups while fostering inclusivity, safety, and transparency. These structures

institutionalize the protection of employee rights and reflect our deep commitment to human rights, ensuring that every voice within the organization is heard, respected, and empowered.

To ensure the operationalization of our commitment, PFC has adopted key internal policies and mechanisms, including:

Equal Opportunity Policy:

This policy affirms our commitment to a fair and inclusive workplace by prohibiting discrimination based on religion, race, caste, gender, or place of origin. It promotes equal access to recruitment and career

advancement opportunities and ensures equal pay for equal work, in accordance with Government of India guidelines and the Equal Remuneration Act, 1976.

Promotion Policy Review



Transparent Evaluation Mechanism

Merit-based promotions anchored in performance and potential



Fair and Equitable Opportunities

All executives considered on objective, measurable criteria



Alignment with Company Needs

Promotions designed to meet PFC's evolving strategic goals



Consistent, Structured Review

Policy ensures consistency and clarity across all levels

Equal Opportunity Policy



Inclusive of Persons with Disabilities

In line with the Rights of Persons with Disabilities Act, 2016



Applicable to All Employees

Irrespective of grade, location, or pay scale



Comprehensive Coverage

Recruitment, training, working conditions, compensation, and career growth



Support for Acquired Disabilities

Equal rights and opportunities continue if disability occurs during service



Fair representation of marginalized sections:

To ensure adequate representation of marginalized sections, various safeguards, relaxations, and concessions are available for employees belonging to Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC) categories (socially and economically disadvantaged sections of society, as designated by the Government of India) and Persons with Disabilities.

The Economically Weaker Section (EWS) from the

general category is provided with a 10% reservation, in line with government guidelines. A Special Reservation Cell, aided by Liaison Officers, Recognized SC/ST/OBC Welfare Associations and an internal grievance redressal system address community-specific concern. Various selection committees for recruitment and promotion include representatives from SC/ST, OBC, minority and women. This further promote inclusion, equity, and effective resolution of employee issues.



Ensuring workplace safety and zero tolerance for Harassment:

PFC has implemented the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 across the organization. PFC has constituted an Internal Complaints Committee (ICC), chaired by senior women employees to address and resolve complaints related to sexual harassment at the workplace. To strengthen awareness, regular workshops are conducted, particularly for women

employees, to educate them about their rights, available support systems, and the provisions of the Act. Gender sensitization programmes are also organized for male employees. PFC adopts a zero-tolerance approach towards any form of harassment—sexual or otherwise. Any instance of misconduct is dealt with through appropriate disciplinary action. Through these efforts, the Corporation aims to ensure a safe, respectful, and responsive work environment for all.



Gender Sensitization Workshop



Gender Equity through Women Empowerment

We champion gender equity through inclusive leadership and equitable workplace practices. PFC is led by Ms. Parminder Chopra, the first woman to serve as Chairman and Managing Director, and one of the two female directors on our Board. Notably, PFC has the highest female workforce ratio among Maharatna PSUs, reflecting its commitment to inclusive and empowered workplace. We foster an exceptionally supportive environment for our women employees, where inclusivity, respect, and equal opportunity are deeply embedded in the organizational culture. For example, we maintain a zero gender pay gap across all grade level

employees and celebrate International Women's Day annually. Through progressive policies, leadership representation, and a commitment to gender parity, we ensure that women professionals thrive, contribute meaningfully, and ascend to leadership roles with confidence and dignity.

PFC also adheres to all the labour legislations enacted by the Indian Government, including laws pertaining to minimum wages, equal remuneration, child labour, contract labour, workers' compensation, maternity benefits, etc., affirming our commitment to uphold fair and lawful employment practices.



Performance Management

As part of our nurturing work culture that prioritizes employee development and accountability, PFC has a well-structured and transparent performance management system in place. The framework is designed to promote transparency, recognize achievements, and provide constructive feedback—reinforcing a culture of continuous improvement.

100% of our workforce actively participates in regular performance and career development reviews. Our

three-tier annual appraisal process facilitates recognition of individual contributions, supports career development, and encourage a culture of continuous learning and improvement.

PFC has a dedicated Promotion Policy in place which enables a transparent assessment mechanism to ensure fair, equitable and merit-based promotion to executives which is consistent with their performance, potential and requirements of the Company.

100% workforce participation in performance management



Training And Capacity Development

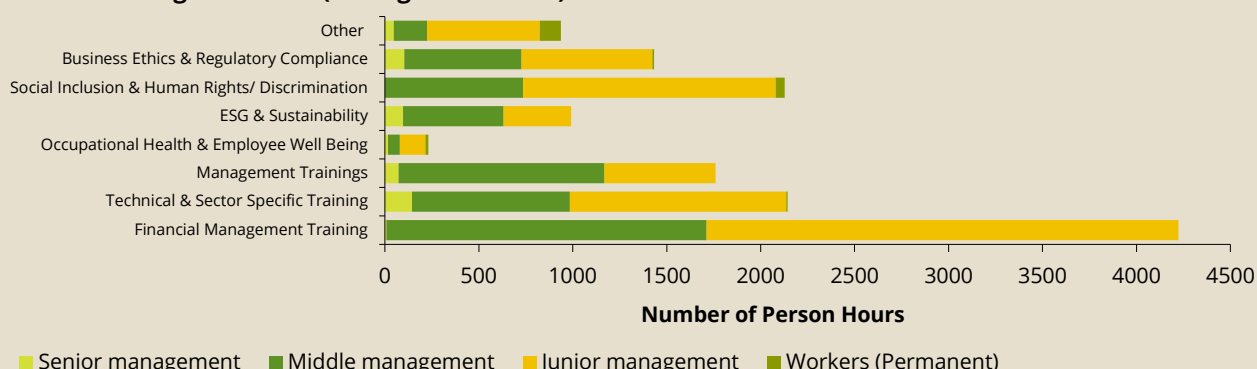
At PFC, we recognize that developing human capital is central to building a future-ready, resilient organization. At the heart of our capacity-building efforts lies a belief that talent must be continuously nurtured, challenged, and empowered to meet the evolving demands of a rapidly transforming energy landscape. Anchored in this vision, our training philosophy extend beyond routine skill-building to focus on leadership development, adaptability, and sectoral insight that align with the organization's long-term strategic direction.

In FY 2024-25, 15,368 person-hours of training were delivered across a broad set of thematic areas, spanning technical, managerial, and ESG domains. Key programs included:

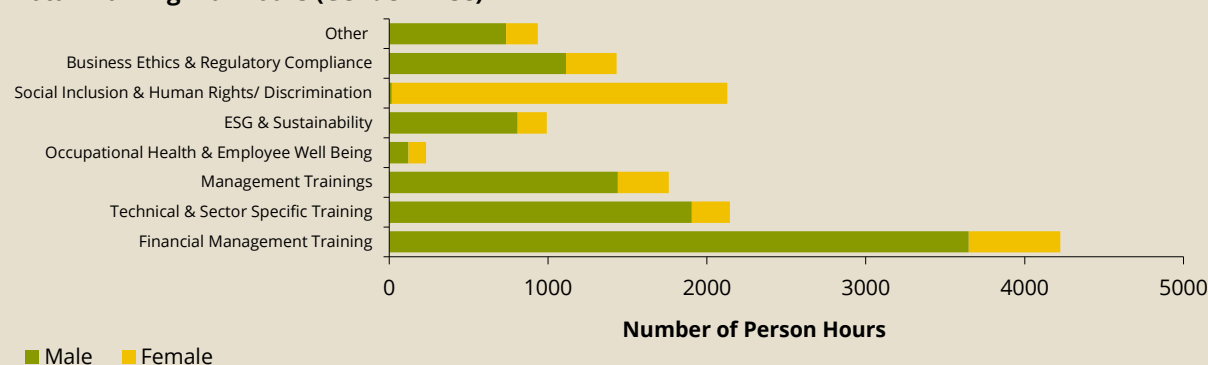
- General Management and Pre-Promotion Programs
- ESG and Materiality Assessment Workshops
- Strategic Communication and Team Building Skills
- Cybersecurity and Incident Response Training
- Infrastructure Project Planning, Monitoring, and Evaluation
- Procurement Policy Training



Total Training Manhours (Management Level)



Total Training Manhours (Gender-Wise)



Newly inducted executives participated in a structured three-week induction program at National Power Training Institute (NPTI), while mid-level professionals

were supported through General Management Programs designed to prepare them for higher responsibilities.



Training on infrastructure Loan assets and Financial Frauds

We also focused on enhancing organizational awareness around sustainability and governance. Multiple sessions were organized on ESG and materiality assessment, reinforcing our employees' capacity to engage with evolving disclosure standards and sustainability risks. Also, an ESG awareness session was delivered to all the new joiners as part of the induction programme. Additionally, targeted training was conducted on cybersecurity and incident response, reflecting the growing importance of digital resilience in our operations.

Our collaboration with premier institutions like IIM Lucknow further enriched learning experiences in areas such as strategic communication, leadership development, and team effectiveness. Employees were

also encouraged to participate in external workshops and seminars by organizations such as the Central Electricity Authority (CEA), Department of Economic Affairs (DEA), and Department of Public Enterprises (DPE), ensuring continued exposure to sectoral best practices.

Furthermore, to promote continuous self-development, a policy supporting enrolment in certified e-learning programs was introduced, enabling flexible, personalized learning through leading digital platforms. By embedding continuous learning into our culture, we are nurturing a workforce that is agile, well-informed, future-ready and empowered to lead responsibly in an increasingly complex and sustainability-focused operating environment.

Empowering Our Workforce in Infrastructure Project Appraisal



PFC partnered with Arun Jaitley National Institute of Financial Management (AJNIFM). The objective was to provide capacity building in Infrastructure Project Appraisal from industry experts and academia.



Sponsored and provided employees the flexibility to learn at their own pace from reputed E-learning platforms resulting in the development of skilled professionals and improved project appraisal capabilities within PFC's infrastructure domain.



Employee engagement

At PFC, employee well-being extends beyond physical health to encompass emotional connection, creative expression, and a sense of belonging. Our engagement efforts aim to promote a vibrant, inclusive workplace where employees feel valued, motivated, and meaningfully connected to the organization's purpose.

Throughout the year, a wide array of activities is

organized to strengthen interpersonal bonds, promote team spirit, and enhance overall morale. From family picnics and inter-departmental sports tournaments to poetry recitations, theatre performances, and festive celebrations, these engagements bring together employees and their families, encouraging expression and camaraderie.



Diwali Celebrations FY 25



New Year Celebration's FY 25



Ethics Workshop FY 25



Health and Safety Workshop FY 25

Annual occasions such as Diwali, New Year, and Foundation Day are celebrated within the office, strengthening cultural unity and camaraderie. Foundation Day, in particular, features employee-led cultural performances and recognition of meritorious employees' children—highlighting our commitment to extended family support. In addition, employees actively participate in sports events conducted both internally and by the Power Sports Control Board (PSCB), reinforcing the spirit of healthy competition and teamwork.



National Sports Day Celebration

PFC celebrated National Sports Day by honoring Major Dhyan Chand's legacy, promoting employee wellness and unity through the Fit India Fitness Pledge.



Swachhata Hi Seva Campaign 2024

Nationwide Swachhata Hi Seva Campaign themed "Swabhay, Swachhata Sanskaar", spearheaded by PFC.



28th Inter CPSU Bridge Tournament

PFC hosted the 28th Inter-CPSU Bridge Tournament in New Delhi, featuring ten power sector PSUs and debut women's teams, with NHPC, DVC, SJVNL, and MoP emerging as winners in team and pair events.



Inter-CPSU Sports Participation

118 PFC employees participated in nine inter-CPSU sports events in FY 2024–25, with the women's team securing 2nd in Carrom and 3rd in Table Tennis tournaments.

To further enhance internal communication, collaboration, and continuous learning, PFC has developed an internal platform—PEEPAL (Portal for Enhancing Engagement and Promoting Awareness and Learning). The portal serves as a hub for sharing knowledge across departments and fostering a culture

of openness and inclusion.

Regular cross-functional knowledge-sharing sessions are organized under this initiative, aimed at strengthening interpersonal connections, promoting institutional learning, and encouraging a sense of shared purpose among employees.



Employee Associations and Groups

Employee associations serve as a vital platform for collective representation, enabling open dialogue on workplace matters, employee welfare and mutual understanding between staff and management. These bodies are often formed to ensure that the interests of employees are voiced and addressed in a structured and collaborative manner. Within PFC, two recognized

associations function actively - The executive category employees are represented by the PFC Executives Association and those in the non-executive category are represented by PFC Employees' Union. Both these associations are recognized by PFC for discussions and deliberations on various issues from either side.



Employee Wellbeing and workplace safety

PFC remains committed to having a workplace where the safety, health, and well-being of all employees and workers are safeguarded through robust systems and proactive practices. We have implemented an Occupational Health and Safety Management System aligned with ISO 45001:2018 standards. This is supplemented by annual training sessions and regular safety drills designed to foster awareness and ensure preparedness across its offices.

Our health and safety efforts encompass a wide range of initiatives, including annual fire safety drills, routine evacuation exercises, and infrastructure-based solutions such as fire alarms, smoke detectors, and surveillance systems.

PFC also ensures preventive health support through routine health check-ups, wellness workshops, and a dedicated medical consultation room at the corporate office. The Corporation's office features a dedicated doctor's room where specialists in Allopathy, Ayurveda, Gynecology, Homeopathy, and Naturopathy are available during working hours. Additionally, daily virtual yoga sessions and stress management workshops reinforce mental well-being.

Further advancing our wellness initiatives, PFC established a Wellness Centre within the office premises in March 2024. This facility is equipped with first-aid support, basic diagnostic tools, and full-time nursing services to address the preliminary medical needs of employees, reaffirming our focus on workplace safety.

In FY 2024–25, over 232 person hours of training were received on health and safety measures.



Zero work-related injuries or fatalities

Zero Lost Time Injury Frequency Rate (LTIFR)

were reported during FY 24-25



Employee Benefits

Regular Health Check-ups

Routine health assessments to monitor and maintain employees' health



Onsite Medical Facilities

Immediate access to healthcare service within the workplace



Gymnasium

Encouragement of physical fitness through on-site gym facilities



Yoga programs

Promotion of mental relaxation and stress relief through yoga sessions



Health Camps

Organizational of specialized medical services and wellness activities for employees





Employee benefits

At PFC, we are dedicated to fostering a supporting workplace environment that prioritizes employee well-being at its core. Through a holistic approach, we ensure that our people have access to a comprehensive suite of benefits and resources that support their physical, mental, and emotional health. From wellness initiatives and mental health support to professional development and work-life balance programs, our aim is to create an environment where employees can thrive in every aspect of their lives.

Our employee benefits framework is designed to offer both social and economic protection, addressing essential aspects such as healthcare, family support, post-retirement benefits and financial empowerment.

Health benefits are extended to employees, their dependents and retirees, while flexible work options promote better balance between professional and personal responsibilities. A paperless system of medical claims reimbursement has been implemented to ensure quicker and hassle-free processing.

Complementing these offerings, PFC also extends comprehensive insurance coverage to safeguard employees and their families against unforeseen health and life related risks, reinforcing our commitment to long term happiness and security. These benefits reflect PFC's holistic approach to employee care - supporting our people not just at work, but throughout the various stages of their personal and professional journey.

Health & Wellness



Health Benefits: Medical benefits are extended to employees, their families, and retirees under Post-Retirement Medical Facilities.



Mental Wellness & Flexi-Timing: Flexible working hours introduced across the organization support reduced stress and improved productivity.

Family Support



Parental Leave: For its female employees, PFC offers maternity leaves as per statute. Although there is no statute on paternity leave in India, PFC's male employees are entitled to receive 15 days of paternity leave to be availed at the onset of parenthood. We also offer childcare leave to all female employees to support them in balancing work and family responsibilities.



Death Relief Scheme: In the unfortunate event of death or permanent total disablement causing separation from service before retirement, we offer an Economic Rehabilitation Scheme to compensate for the loss of pay till the normal notional date of superannuation. We offer financial support to the family of a deceased employee, covering body transportation and customary rituals. Upon an employee's death, ₹4,000 is deducted from each member employee's salary, and the total amount, along with a double contribution from the Corporation, is given to the nominee.

Financial Security



Social Security and Employee Insurance: We ensure full compliance with the social security legislations, including Provident Fund, Gratuity, and the NPS (National Pension System). To further support our employees and their families, we offer comprehensive insurance coverage that includes life, accident, and financial protection benefits. These measures are designed to provide long - term security and peace of mind throughout their tenure with us.



Other Defined Retirement Benefits: Inclusive of Post-Retirement Medical and financial schemes.

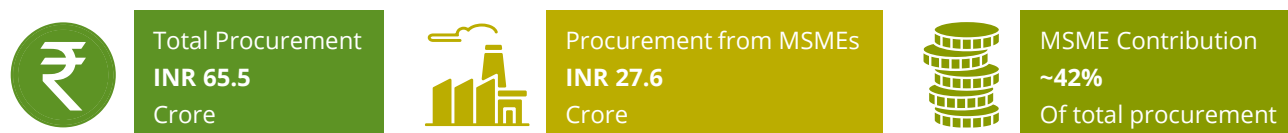
Additional Benefits



Loans at Concessional Rates: To encourage the adoption of Electric Vehicles, we offer loans at lower interest rates to our employees for the purchase of electric and hybrid vehicles.

Transparent And Responsible Procurement

In alignment with the Public Procurement Policy of the Ministry of MSME, the Corporation actively supports the participation of Micro, Small and Medium Enterprises (MSMEs) by extending benefits such as exemption from tender fees and earnest money deposits, purchase preferences, interest on delayed payments, and exemptions from prior experience and turnover criteria, provided they meet the quality and technical specifications.



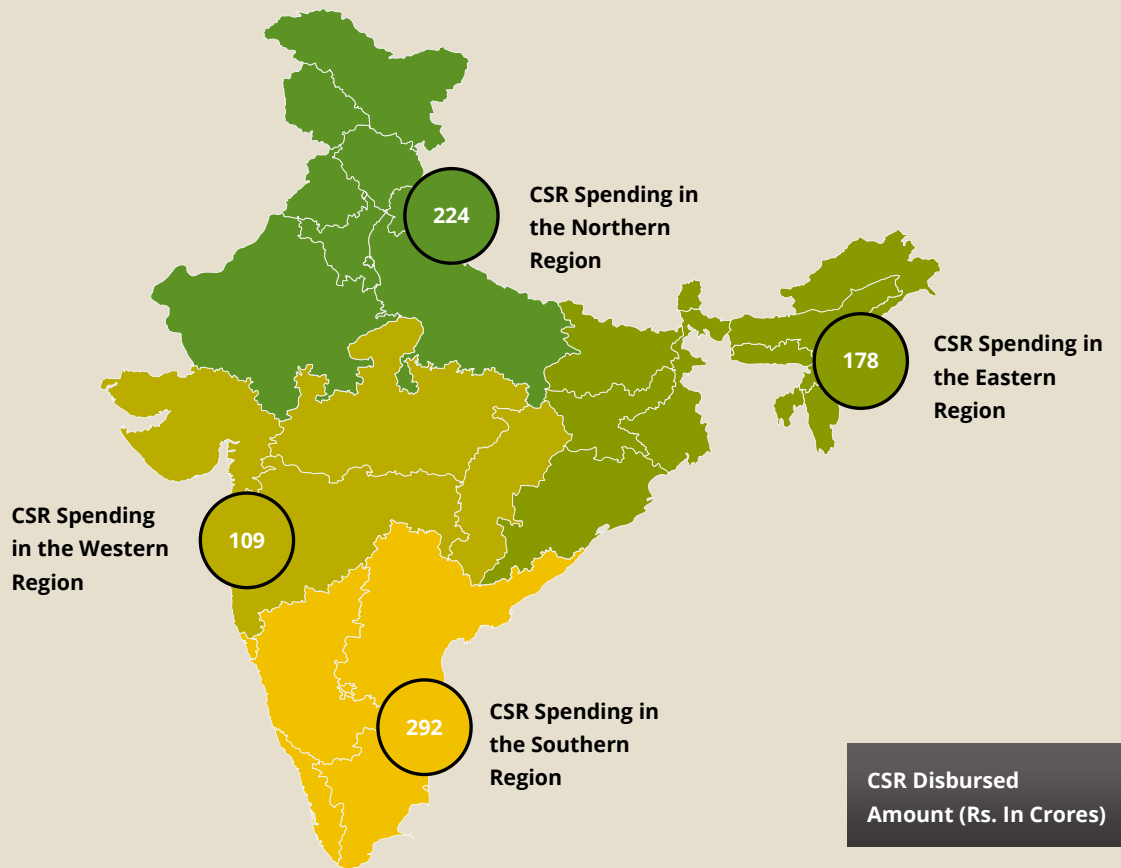
PFC also ensures efficient, transparent, and ecofriendly procurement practices by utilizing the Government of India's online procurement platform, the Government e-Marketplace (GEM). Our approach empowers underrepresented groups, encourages entrepreneurship, and fosters inclusive economic growth.

Community Engagement And CSR Initiatives

We have continued to execute transformative initiatives to uplift society, promote health and hygiene, support employee wellness, and contribute to the national development agenda through our CSR initiatives. In FY 2024-25, our initiatives have focused on grassroots impact, institutional partnerships, and inclusive employee engagement. Cumulatively till date, PFC has sanctioned Rs 1966 Crore and Disbursed Rs 1683 Crore towards CSR.

Major Sectors		Sanctioned Amount (INR Crores)	Disbursed Amount (INR Crores)	Cumulative Sanctioned Amount (INR Crores)	Cumulative Disbursed Amount (INR Crores)
		FY 2025		Till Date	
1	Renewable Energy and Energy Efficient and Environment-friendly Technologies	9	8	182	162
2	Sanitation & Provision of Safe Drinking Water	166	193	599	618
3	Skill Development & Livelihood	9	1	184	148
4	Education	42	11	173	99
5	Health and Activities related to Persons with Disabilities (PwDs)	53	47	576	463
6	Others	22	12	252	193
Total		301	272	1966	1683

PFC's CSR spending across India till FY 25



In addition to the above, PFC has made significant contributions towards national development initiatives, The key initiatives include :

- ₹302 crore to the PM CARES Fund*;
- ₹ 372 crore to the Swachh Bharat Kosh#;
- ₹157 crore for multiple skill development programs across the country;

*A public charitable trust set up in 2020 to support emergency relief efforts like COVID-19, funded by voluntary donations.

#A fund created in 2014 to support sanitation and hygiene initiatives on mission mode, especially through CSR contributions.

Our CSR initiatives cover diverse, high-impact social development areas like healthcare, sanitation, rural electrification, education, and disaster relief. Notable initiatives for FY 25 include installation of rooftop solar power units in rural health centres across Bihar, construction of over 200 Anganwadi centers* in Punjab, distribution of over 3,000 motorized tricycles for differently abled persons in 10 states, funding mobile cancer detection vans in West Bengal, commissioning a 100-bed multispecialty hospital in tribal Maharashtra, among others. These projects are designed to align with

India's national development goals and reflect PFC's commitment to inclusive development, thereby creating long-term, measurable societal value.

Driven by the Government of India's annual CSR theme of 'Health and Nutrition' for FY 2024–25, our CSR expenditure was strategically deployed to improve health care services and promote societal well-being across diverse geographies. Some select case studies highlighting our community development initiative and the impact achieved is provided herewith.

*Anganwadi centres are rural childcare and mother care centres established by the Government of India. Their primary aim is to combat child hunger and malnutrition, while also supporting early childhood education and maternal health



1. Powering critical services



In Bihar's Jhanjharpur Parliamentary Constituency, PFC funded the installation of 30 kW off-grid solar power plants at three sub-divisional health centres. This initiative has ensured continuous power for critical services like vaccine storage, diagnostics, and emergency care—enhancing healthcare delivery for the local population.

Problem Statement



Health Centers in Jhanjharpur, Madhubani lacked reliable electricity, affecting healthcare delivery

Achievement Implemented



Installed 30kW SPV systems in 3 sub-divisional health centers

Impact



Ensured uninterrupted power supply, improving healthcare services and patient outcomes in rural Bihar

2. Supporting grassroots mechanisms delivering public health and early education services



In Ferozepur, Punjab, PFC is supporting the **construction of 200 Anganwadi centers** to enhance early childhood education, maternal care, and nutrition services. This initiative will directly benefit over 8,400 children and 1,400 pregnant and nursing mothers, creating long-term impact in one of India's border districts.

Problem Statement



Inadequate infrastructure for Anganwadi centers in Ferozepur district

Expected Outcome



Construction of 200 Anganwadi centers with necessary facilities

Probable Impact



Improved early childhood education and nutrition services for children and mothers



3. Enabling water recycling for non-potable uses



At SGGS Vidya Kender in Chattarpur, Delhi, PFC supported the installation of a Sewage Treatment Plant (STP) to address water scarcity and untreated wastewater risks. This initiative has improved hygiene for 250 residents, enabled water recycling for non-potable uses, and promoted long-term environmental and economic sustainability.

Problem Statement



Lack of sewage treatment facilities at SGGS Vidya Kender

Achievement Implemented



Installation and commissioning of a Sewage Treatment Plant (STP)

Impact



Improved sanitation and environmental sustainability within the school premises



4. Creating sustainable income sources to empower women



In Aurangabad, Maharashtra, PFC supported a transformative project targeting women from SC/ST/OBC/EWS backgrounds in the blocks of Kannad, Gangapur, and Khultabad. These women, often marginal farmers or seasonal migrants faced limited livelihood options. The project addressed this by establishing 500 Oyster Mushroom Cultivation sheds, providing training, technical support, and market linkages. This initiative not only created sustainable income but also strengthened local institutions and reduced distress migration, fostering long-term socio-economic resilience.

Problem Statement



Limited livelihood opportunities for women in Aurangabad

Expected Outcome



Training and support for 500 women in oyster mushroom cultivation, marketing, and branding

Probable Impact



Empowered women economically, promoted entrepreneurship, and enhanced household incomes



PILLAR III – PURSUING PRUDENCE



At PFC, we are committed to maintaining the highest levels of business ethics and corporate governance across all areas of business, to support our long-term growth.

Material Topics

Financial Performance	Enterprise Risk Management	Reporting and Disclosures	Corporate Governance and Business Ethics	Data Security and Data Privacy
Digitization of Business Processes	Code of Conduct	Regulatory and Legal	Compliance	Grievance Redressal Mechanism

Highlights

2  Women in the Board of Directors	50%  Independent Directors in the Board of Directors	293 person-days  Invested in Vigilance training programs FY25	9  Board level committees
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Introduction

As a Maharatna CPSE and India's largest NBFC, PFC upholds the highest standards of prudence, transparency, and accountability in all aspects of its operations. By embedding strong governance practices and robust risk mitigation frameworks across our functions, we strive to foster stakeholder confidence and ensure long term value creation. This approach reinforces our commitment to responsible growth and positions PFC as a resilient and trusted financial institution in India's evolving energy landscape.

Our operations are guided by a strong governance ethos that ensures responsible conduct, compliance and sound decision making across all levels. As a publicly listed company, we adhere to a comprehensive framework of corporate governance policies such as the Companies Act, 2013, SEBI's Listing Obligations & Disclosure Requirements Regulations, RBI guidelines, Government Guidelines issued by Department of Public Enterprises (DPE) etc.

Given this context, this chapter outlines the various governance policies and procedural framework that reflect PFC's commitment to ethical business conduct, accountability and transparency across all spheres of our operation.

ESG Progress FY25

3 online Grievance Redressal portals operationalized



Currently, Full Board composition in compliance with SEBI Regulations





Philosophy of Corporate Governance

PFC's corporate governance philosophy is based on three core principles

Executive Freedom

Executive freedom for management to drive the enterprise forward for sustainable growth without undue restraints.



Accountability

The freedom of management should be exercised within the framework of regulatory environment and effective accountability.

Assurance

Independent and objective assurance of the overall effectiveness of the controls.

Building on this philosophy, PFC has instituted a robust governance structure designed to translate its guiding principles into action. This structure ensures a clear delineation of roles, strategic oversight, and informed decision making at all levels of the organization.

Through a balanced composition of leadership and dedicated board committees, PFC's governance framework supports long term organizational resilience, reinforces internal responsibility, and ensures alignment of business functions with regulatory expectations.



Governance Structure

PFC has instituted a comprehensive oversight framework that underlines responsible leadership, effective oversight and informed stewardship. The organization adheres to a multi-layered compliance system rooted in statutory provisions such as the Companies Act, 2013, SEBI's Listing Regulations, RBI directives, and guidelines from the Department of Public Enterprises (DPE). These external mandates are further supported by PFC's internal policies, procedural codes, and ethical standards.

The Board of Directors at PFC comprises seasoned professionals, including a Chairperson & Managing Director, executive directors, an official nominee from the Government of India, and independent directors. The Board operates as a collective decision-making body

and delegates specific functions to expert committees, which provide focused oversight on matters such as audit, investment decisions, human resources, and enterprise risk management. Board meetings and meetings of the board level committees are held at regular intervals.

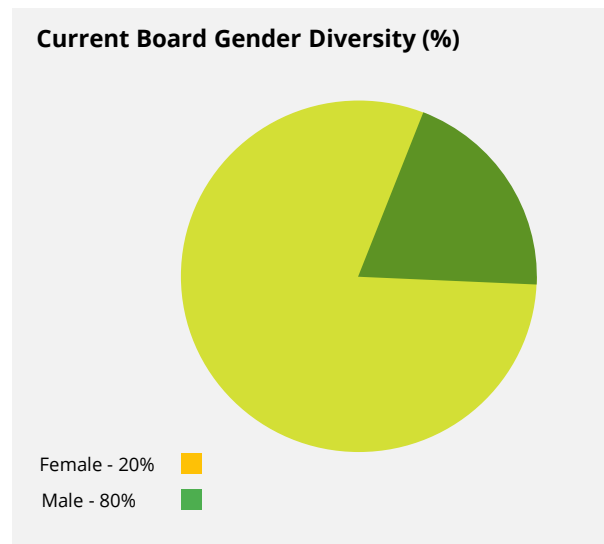
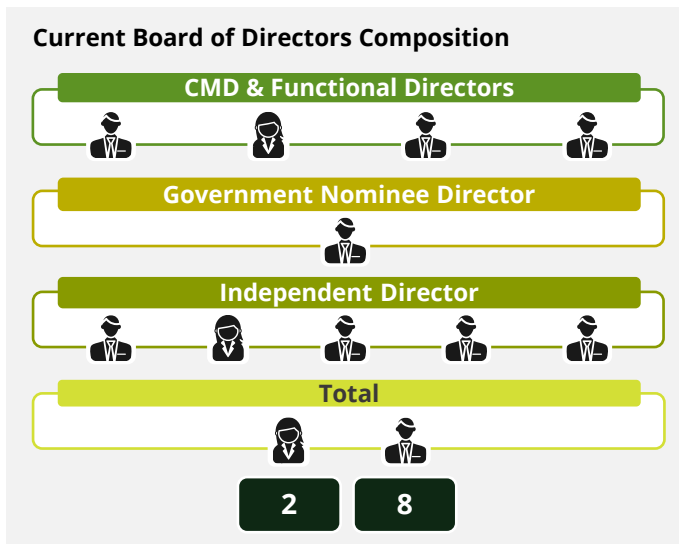
This governance model promotes informed deliberation, clear accountability, and a culture of integrity across the organization. By embedding effective controls and fostering a values-driven culture, PFC ensures operational transparency and consistency in performance. The corporation's structured governance approach strengthens its reputation as a reliable financier supporting India's evolving energy landscape.



Board of Directors

The Board of Directors at PFC comprises a diverse and experienced group of professionals bringing together a balanced mix of strategic insight, sectoral expertise, and leadership capabilities. Collectively, the Board possesses deep knowledge in areas such as finance, power sector

operations, policy and regulation, risk oversight, and corporate governance—ensuring well-rounded guidance and effective oversight of the organization's vision and priorities.



Experience/Expertise of the Board of Directors



In accordance with Article 86 of PFC's Articles of Association (AoA), the directors on PFC's board are appointed by the President of India through the Ministry of Power, Government of India.

Functional Directors are appointed by the Public Enterprises Selection Board (PESB), an independent body established by the Government of India. The Ministry of Power appoints independent directors based on recommendations from a Search Committee,

following approval from the Appointments Committee of the Cabinet (ACC). Additionally, the Ministry of Power appoints a Government Nominee Director to the company's Board.

With currently five independent directors on Board, PFC now complies with the Board composition requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



Board Committees

PFC has constituted nine board level committees for the efficient functioning of the organization and focused decision-making across key areas of the organization.

These committees ensure oversight in domains such as audit, risk, CSR, IT governance, etc. Each committee

operates under a defined mandate and comprises a balanced mix of functional directors and independent directors—ensuring diverse perspectives and well-informed deliberations in line with PFC's overall governance framework.

Audit Committee of Directors

Responsible for oversight of financial reporting and disclosure for the organization



ALM Committee of Functional Directors

Responsible for management of market risks through measuring, monitoring, and managing liquidity, exchange rate and interest rate risks



Stakeholder Relationship and Shareholders'/ Investors' Grievance Committee

Responsible for resolving grievances of shareholders and investors of PFC



HR Committee

Responsible for making recommendations to the Board of Directors on all HR related matters



CSR & Sustainable Development Committee of Directors

Responsible for implementing the Corporate Social Responsibility and Sustainability policy and making recommendations to the Board on taking up CSR & SD projects



Board Level Risk Management Committee

Responsible for monitoring and review of risk management plan of the Company and to make recommendations to the Board of Directors for taking up various risk management activities.



Investment Committee of Directors

Responsible for approving equity investment in IPOs of Central Power Sector Undertakings, investment limits, exit/ sale decisions



Nomination and Remuneration Committee

Responsible for compliances such as recommendation of directors' appointment, etc. in line with relevant provisions of Companies Act, DPE's Guidelines on Corporate Governance for CPSEs, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI's Corporate Governance norms.



Board Level IT Strategy Committee

Responsible for guiding in preparation of IT Strategy, establishing effectiveness of IT Governance and Information Security Governance structure and ensuring processes are in place for assessing and managing IT and cybersecurity risks.





PFC's Governance Policy Framework

PFC's policy framework serves as a foundation for structured governance and responsible decision making across the organization. Covering key areas such as business ethics, IT and risk management, insider

trading, whistleblower protection, these policies ensure that all functions operate in alignment with regulatory norms and organizational values.

PFC's Policy Framework

 Code of Business Conduct and Ethics	 Policy on Board Diversity
 Code for Prevention of Insider Trading	 Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
 Anti-Fraud Policy	 Integrated Risk Management Policy
 Dividend Distribution Policy	 Policy on Material Subsidiary
 Fair Practices Code	 Whistleblower Protection Policy
 Corporate Social Responsibility (CSR) and Sustainability Policy	 Information Technology

PFC's Corporate Governance Framework



1. Code of Business Conduct and Ethics

At PFC, we prioritize ethical standards and integrity across all levels of the organization. Our code establishes clear principles that guide responsible behaviour and decision making for our Board members and senior management. The Code emphasizes compliance with regulatory requirements, fair treatment of all stakeholders, and the responsible use of company resources. Regular training and periodic affirmations ensure that all personnel remain aligned with these values, reinforcing PFC's commitment to upholding the highest ethical standards in every aspect of our operations. The conduct and ethics of employees are covered by CDA (Conduct, Discipline & Appeal) rules issued by DPE.

Code of Business Conduct and Ethics



1432 Person hours training in FY 25

Key Pillars of Ethical Governance under PFC's Code of Conduct

	CDA Rules Framework The conduct and ethics of employees are covered by Conduct, Discipline & Appeal (CDA) Rules issued by Department of Public Enterprises (DPE).
	Integrity & Transparency Decisions rooted in fairness, compliance, and principled behaviour.
	Ethical Leadership Guided by a robust Code of Business Conduct and Ethics for Board and Senior Management
	Conflict of Interest & Compliance Ensure independence and avoid misuse of board positions to benefit themselves either directly or indirectly.
	Training Regular training and awareness sessions are conducted to build familiarity with ethical responsibilities and reinforce a culture of compliance

2. Code for Prevention of Insider Trading

"Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct for Regulating, Monitoring and Reporting of Training in the Securities of Power Finance Corporation Limited" is formulated in accordance with SEBI's Prohibition of Insider Trading Regulations. It aims to prevent the misuse of unpublished price-sensitive information (UPS) and ensure fair disclosure practices. The Code applies to designated persons, including Directors and senior management, and outlines strict protocols such as trading window restrictions, pre-clearance of trades, mandatory disclosures and penalties for contravention. Company Secretary serves as the Compliance officer to oversee adherence with the code.

Conflict of Interest

0



Complaints filed in FY 25

3. Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions

PFC's "**Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions**" lays down a clear and transparent framework for identifying, reviewing and approving related party transactions, including those deemed material in nature. It applies to all transactions with subsidiaries, joint ventures, associates and key managerial personnel, ensuring procedural fairness and regulatory compliance.

The policy mandates prior approval of the audit committee and the board for specified transactions, while also requiring shareholders' approval for material related party transactions. Through this governance mechanism, PFC reinforces its commitment to protecting stakeholder interests and upholding the principles of accountability and transparency in business conduct.

4. Fair Practices Code

PFC's Fair Practices Code is designed to ensure transparency, fairness, and ethical conduct in its lending operations. Developed in line with RBI guidelines, the Code outlines clear procedures for loan application, appraisal, sanction, and disbursement. It assures borrowers of PFC's commitment to equitable treatment, timely communication, and responsible financial practices. By setting standards for client interactions and internal processes, the Code reinforces trust and accountability in all business dealings.

Fair Practices Code

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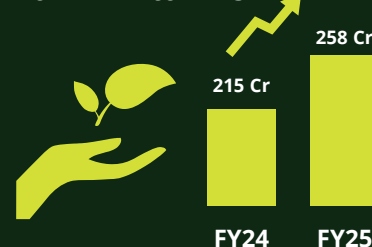


Complaints filed in FY 25

5. Corporate Social Responsibility (CSR) and Sustainability Policy

PFC's Corporate Social Responsibility (CSR) and Sustainability Policy reflects its commitment to inclusive growth and sustainable development. The policy focuses on addressing critical societal needs such as access to energy, clean water, sanitation, education, and healthcare, especially for marginalized communities. It promotes the use of green technologies and supports projects that enhance environmental sustainability and social equity. Through a structured, project-based approach aligned with national priorities, PFC ensures that its CSR initiatives contribute meaningfully to community welfare while reinforcing its role as a responsible corporate citizen.

CSR Budget increased by 20% from FY24 to FY25



6. Anti-Fraud Policy

PFC's Anti-Fraud Policy is designed to prevent, detect, and respond to fraudulent activities across all levels of the organization. It applies to employees, contractors, consultants, vendors, and other stakeholders engaged with PFC. The policy includes acts such as forgery, misappropriation of assets, financial impropriety, and misuse of confidential information. It outlines clear procedures for reporting suspected fraud, conducting investigations, and enforcing disciplinary actions. By promoting ethical conduct and establishing robust internal controls, PFC reinforces its commitment to integrity and accountability in all business dealings.

Anti-Fraud Policy

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Complaints filed in FY 25

7. Dividend Distribution Policy

PFC's Dividend Distribution Policy reflects its commitment to delivering sustainable value to shareholders while maintaining financial prudence. Dividend decisions are made in accordance with the Government of India regulations and RBI regulations. The policy considers various internal factors such as capital adequacy, financial performance, and future investment needs, as well as external factors like economic conditions and statutory requirements.

**Dividend
Distribution in
FY25**
**INR
15.80**
Per Share



8. Integrated Risk Management Policy

PFC's Integrated Risk Management Policy provides a framework for identifying, assessing, monitoring, and mitigating risks across its operations. The policy encompasses key risk categories including credit, market, operational, liquidity, legal, and reputational risks. It promotes a coordinated approach to risk governance, with oversight from the Board level Risk Management Committee.

9. Whistleblower Protection Policy

PFC's Whistleblower Protection Policy is a vital component of its Vigil Mechanism, aimed at fostering a transparent and ethical work environment. The policy empowers Directors and employees to report concerns related to unethical behaviour, suspected fraud, or violations of the company's code of conduct without fear of retaliation. It ensures confidentiality, protects the identity of whistleblowers, and provides a structured process for investigation and resolution. Oversight is provided by the Audit Committee, which ensures impartial handling of disclosures and reinforces PFC's commitment to integrity and accountability.

**Whistle Blower
Protection Policy**

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Complaints filed in FY
25



10. Policy on Material Subsidiary

The '**Policy on Material Subsidiary**' has been adopted in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Under this policy, a subsidiary is classified as material if its income or net worth exceeds 10% of PFC's consolidated financials as per the latest audited accounts. The policy establishes governance controls to ensure that material subsidiaries operate with appropriate oversight, including the appointment of independent Director where mandated. It also outlines procedures for the disposal of shares or assets in such subsidiaries, subject to necessary approvals. This framework strengthens supervisory alignment across the corporate structure and ensures that PFC maintains strategic oversight and compliance across all its material business entities.

11. Policy on Board Diversity

PFC's Policy on Board Diversity underscores the importance of a varied and inclusive Board composition to enhance the quality of decision-making and governance. The policy promotes diversity in terms of skills, experience, gender, and professional background, recognizing that a heterogeneous Board contributes to more balanced and effective leadership. In line with regulatory requirements, PFC ensures an optimal mix of executive, non-executive, and independent directors, including the mandatory presence of at least one-woman director. Appointments are guided by provisions in the Articles of Association, Companies Act, and government directives, with selections made through structured processes involving the Public Enterprises Selection Board (PESB) and the Ministry of Power.



12. Information Technology

PFC's Information Technology (IT) establishes a secure, efficient, and resilient digital infrastructure to support its business operations and strategic objectives. PFC has established its IT Policy in line with RBI's Master Directions for NBFCs, approved by the Board. The policy outlines standards for data security, system integrity, access control, and cybersecurity, ensuring compliance with regulatory requirements and best practices. It governs the use of IT assets, software, and networks, promoting responsible usage and safeguarding sensitive information. Regular audits, employee training, and disaster recovery protocols are integral to the policy, reinforcing PFC's commitment to operational continuity, data protection, and technological innovation.

IT Practices

Information Technology serves as a vital pillar in strengthening PFC's internal systems and service delivery. The IT Unit leads this digital transformation by integrating adaptability, structured innovation and performance-oriented tools across the organization's technology landscape. The company's strategic IT initiatives is designed to simplify processes, improve responsiveness and ensure seamless access to services through secure and reliable digital platforms.

Aligned with its ESG commitments, PFC has introduced technology driven practices that also reflect its focus on

environmental responsibility and inclusive access. Initiatives of the company include enhanced digital accessibility, strong safeguards for data privacy and regulatory compliance and providing work from anywhere capabilities for its employees.

PFC's technology interventions are centered around three key focus areas - Policy & Risk Management, Infrastructure Enhancement, and Operational Improvements - each supported by a strong foundation of information security and governance.

IT Policy

Ensures robust governance, vendor risk, and capacity assessment. Awareness is promoted via internal circulars.



Data Backup

Automated daily, weekly, and monthly backups with offsite storage in Mumbai, Chennai, and New Delhi to ensure data integrity.



Disaster Recovery & Business Continuity

A DR site on MEITY empaneled cloud in a separate seismic zone ensures uninterrupted operations. Biannual DR drills are conducted to test and validate operational readiness.



Remote Work

Secure remote access with Multi Factor Authentication (MFA) enables seamless work-from-anywhere.



Red Team

An internal Red Team simulates cyberattacks to identify vulnerabilities and strengthen defenses.



Email-SOC Integration

Email services are integrated with SOC for proactive threat filtering and secure communication.



Firewall & Network Upgrades

Nextgen firewall protection, an upgraded Link Load Balancer (LLB), and increased internet bandwidth to improve system performance and security.



Phishing Simulation

Regular exercises are conducted to assess user awareness and reinforce Cyber Security hygiene.



Multi Factor Authentication

For secure access, PFC has implemented Multi Factor Authentication (MFA) for VPNs, critical servers & desktop systems.



Information Security & Risk Management

Ensures data confidentiality, integrity, and availability through proactive risk assessments, regular patching, and policy updates.



Storage Upgrade

Enhanced storage capacity and performance provide seamless support for business operations.



Link Load Balancer (LLB) Upgrade

Upgraded LLB optimizes network traffic, enhances system availability, and supports uninterrupted digital services.



24x7 NOC & SOC Monitoring

Continuous monitoring ensures rapid incident response and system availability. Regular upgrades include SOAR implementation for advanced threat detection and response.



Data Center (DC)

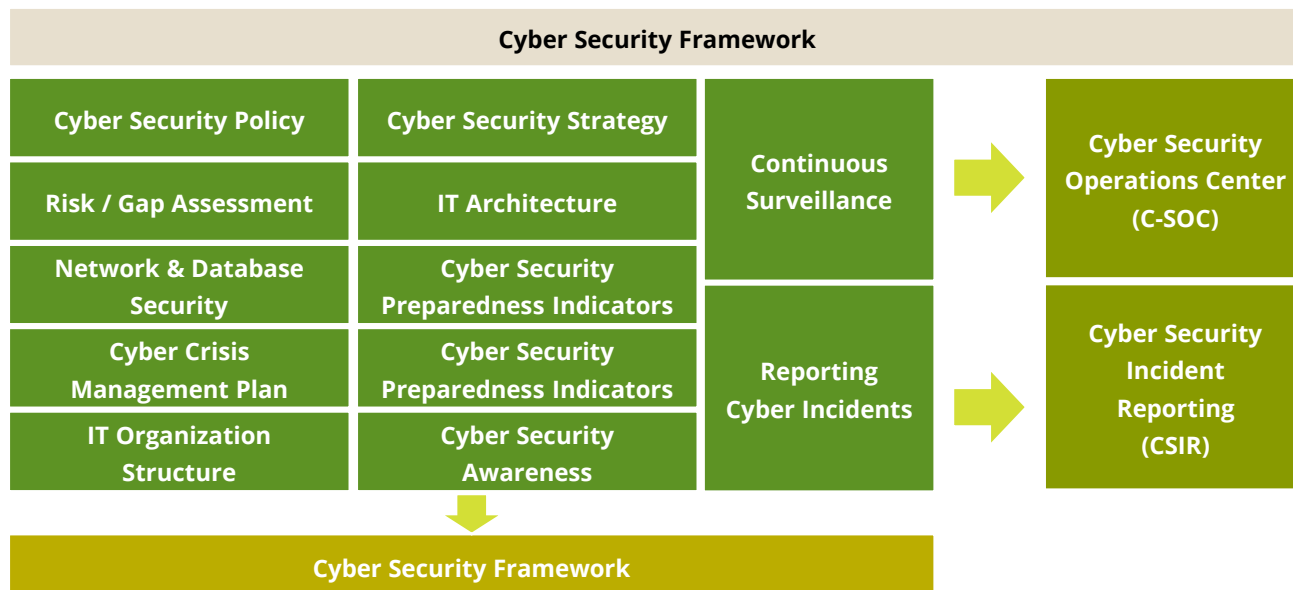
A 24x7 operational DC supports critical IT infrastructure, hosting databases, applications, email, antivirus, and threat protection on high-performance dual-processor servers with full power and data redundancy.



Data Privacy and Cyber Security

PFC is committed to ensuring the confidentiality, integrity, and availability of its information assets through robust data privacy and cybersecurity practices. The organization has adopted a robust Information and

Cybersecurity Framework to address the rising threat landscape and ensure resilience across its IT systems and digital infrastructure.



PFC's MS-IT Infrastructure Unit oversees cybersecurity preparedness and continuously aligns its systems with evolving risks. Information is treated as a critical organizational asset, and controls are enforced to

safeguard access, confidentiality, and integrity. The cybersecurity framework encompasses a combination of preventive, detective, and responsive controls.

Preventive Control

- Application Security Life Cycle (ASLC), Vulnerability Assessment and Penetration Testing (VAPT), Antivirus, IT Outsourcing Policy, Firewall, Intrusion Detection System (IDS)
- Access Management
- Distributed Denial of Service (DDos) mitigation



Detective control

- Security Operation Centre (SOC) Monitoring
- Network Operation Centre (NOC) Monitoring
- RED Teaming exercises



Responsive control

- Incident Response Plan
- Cyber Crisis Management Plan (CCMP)



Cyber risks are embedded within PFC's Enterprise Risk Management (ERM) framework, ensuring systematic monitoring, assessment, and mitigation. Through proactive governance, robust technical safeguards, and

continuous employee engagement, PFC remains committed to safeguarding data and maintaining digital trust across all stakeholder interactions.

			
Regular Training PFC conducts regular Cyber Awareness sessions to educate and sensitize all users on emerging threats and best practices.	Cyber Jagrukta Diwas Observed every first Wednesday of the month to reinforce safe digital practices	DPDP Act Awareness FY 2024-25 sessions focused • Safe data handling • Consent protocols • Breach management	Culture of Vigilance Promoting everyday cybersecurity mindfulness across the organization

Our comprehensive corporate governance framework - encompassing vigilance, and risk management, regulatory compliance, and grievance redressal

mechanism – forms the cornerstone of effective governance and accountability. These have been described below:

1. Risk Management Framework

PFC has instituted a comprehensive Risk Management Framework to proactively identify, assess, and mitigate financial, operational, market, and regulatory risks that could impact business continuity and performance. The framework enables informed decision-making and supports long-term resilience across all business functions.

PFC's Integrated Risk Management Policy sets out clear processes for risk assessment, prioritization, and mitigate, ensuring that high-impact risks are addressed with appropriate mitigation plans. The framework is embedded across departments, promoting a risk-aware culture organization-wide. The figure below illustrates the Three-tiered risk management framework in detail.

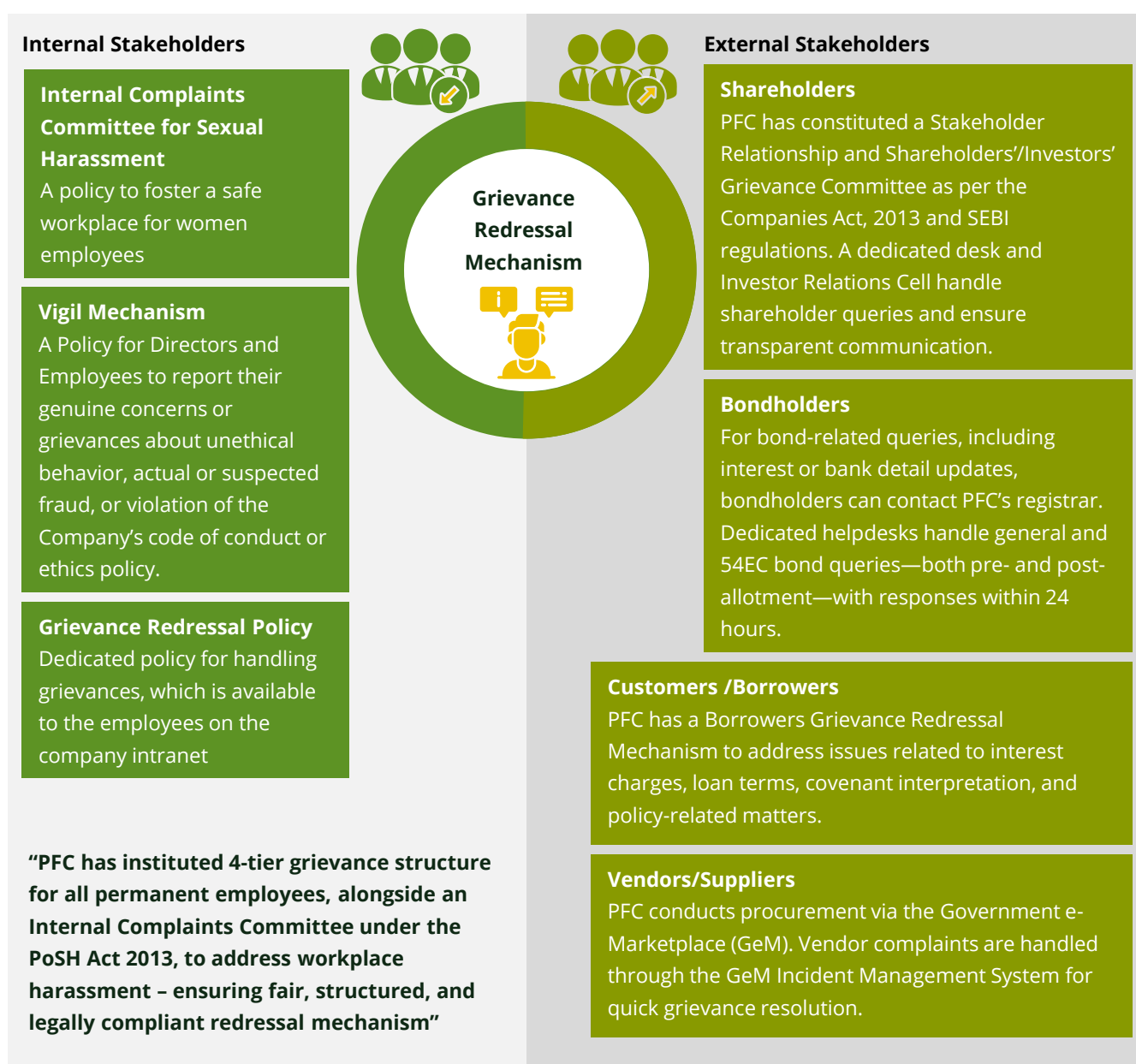
Corporate Risk Management Unit (CRM Unit): • The CRM Unit—headed by the Chief Risk Officer (CRO) — implements the IRM Framework in the organization. • All loan proposals are examined for their inherent risks and their mitigations 	Risk Management Sub-Committee (RMSC): • Assists the BLRMC in discharging their roles and responsibilities. • Risk Status Report and Risk Register prepared by the CRM Unit are reviewed on a quarterly basis. 	Board-Level Risk Management Committee (BLRMC): • Ensures strategic alignment of risk management with PFC's business objectives. • The BLRMC oversees the company's overall risk management practices and gives direction for implementing the risk management framework. 
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2. Grievance Redressal Mechanism

PFC recognizes the importance of a robust grievance redressal mechanism as a crucial element of effective organizational functioning and ethical business practices. To ensure timely and fair resolution of concerns, PFC has established a comprehensive, multi-tier system that addresses feedback and complaints from a wide spectrum of internal and external stakeholders - including employees, vendors, shareholders, customers and the general public.

This structured approach encourages openness, reinforces principled conduct and strengthens confidence in the company's processes.

The mechanism encompasses dedicated channels such as employee grievance cells, shareholder communication platforms, vendor support systems and customer service interfaces, each tailored to handle queries with objectivity and procedural clarity. Through this integrated framework, PFC fosters a culture of constructive dialogue and continuous improvement.



As part of our commitment to transparency and stakeholder responsiveness, during Vigilance Awareness week- 2024, we introduced three dedicated online platforms—Vendor Grievance Redressal Portal, Vigilance Complaint Portal, and Employee Grievance Redressal Portal—to facilitate timely resolution of concerns and promote a culture of accountability across the organization.

To ensure broader public accountability, PFC also facilitates redressal through the following platforms:

- PIDPI (Public Interest Disclosure and Protection of Informers): Complaints against PFC lodged through PIDPI are handled by a designated independent government body, being the Central Vigilance Commission (CVC). This is an offline as well an online portal wherein the complaints can be lodged 24X7.

- CPGRAMS (Centralized Public Grievance Redress and Monitoring System): CPGRAMS portal is connected to PFC. The status of public grievances is available on the PFC web portal and is accessible to all stakeholders.
- RTI (Right to Information Act, 2005): In compliance with the RTI Act, PFC has designated its Company Secretary as Public Information Officer (PIO) to review and respond to RTI applications. Further, an Executive Director level officer has been designated as a First Appellate Authority (RTI) in PFC to review RTI appeals.

Through this integrated approach, PFC ensures that all grievances—whether internal or external—are addressed fairly, promptly, and in compliance with regulatory frameworks.

New Online Grievance Redressal Portal

Vendor Grievance Redressal Portal



Vigilance Complaint Portal



Employee Grievance Redressal Portal



3. Vigilance – promoting transparency and accountability

PFC's vigilance function serves as a cornerstone of its governance framework, driving ethical conduct, transparency and institutional integrity. Headed by the chief vigilance officer CVO - appointed by the Government of India - the vigilance unit operates under the oversight of the Central Vigilance Commission (CVC) and focuses on three core areas: preventive vigilance, punitive vigilance, and surveillance and detection.

Vigilance Awareness Week

PFC observed Vigilance Awareness Week in the month of October 2024 with the theme given by Central Vigilance Commission "Culture of Integrity for Nation's Prosperity". During the Vigilance Awareness Week, PFC has organized various thought-provoking interactive seminars/ workshops addressed by subject experts from the industry. Further, various activities were organized on matters related to integrity and vigilance to bring the awareness amongst employees.



“सत्यनिष्ठा की संस्कृति से राष्ट्र की समृद्ध”

Furthermore, PFC implemented comprehensive vigilance awareness initiatives in FY2024-25 ranging from specialized trainings, employee outreach programs, employee awareness competitions and publication of the second edition of the Prahari magazine to strengthen organizational integrity and ethical practices.

Integrity Pledge

On the first day of the Vigilance Awareness Week, all PFC employees gathered at the PFC Conference Hall and took the Integrity Pledge as per guidelines of the CVC (Central Vigilance Commission). Later, employees too the e-pledge by logging onto the website of the CVC.



Seminars & Workshops

8 specialized workshops were conducted during FY 2024-25, covering key topics such as:

- Procurement Best Practices
- Ethics & Governance
- Cybersecurity Awareness
- Fraud Prevention & Staff Accountability
- Total Participants Trained: 241 Employee



Prahar Magazine

Second Edition Highlights:

- Vigilance, ethical practices, and systemic improvements
- Showcased employee contributions and event highlights from vigilance awareness week 2024
- Served as a knowledge-sharing platform to reinforce a culture of integrity across the organization
- Vigilance handbook-circulated to serve as a reference on key rules, procedures, and ethical practices, enhancing awareness



Vendor Outreach:

- Awareness sessions organized for vendors during Vigilance Awareness Week
- Covered topics: transparency in procurement, ethics in vendor relations



Awareness Drives & Competitions

Interactive events boosted vigilance awareness:

- Slogan Writing, Poetry & Pictorial Competitions
- Quiz on Vigilance & PIDPI
- Participants: 241 employees
- 135 school students from outreach activities in Mumbai and Chennai



Sensitization Activities

A series of internal awareness programs were organized, including:

- E-brochures and posters shared via Social Media and corporate spaces
- Tree plantation drive with slogan "Ek Ped Satarkata Ke Naam" involving CMD, Directors, and CVO
- In-house refresher sessions on public procurement, preventive forensics, and fraud detection
- Staff Levels Covered: Junior to Senior Management



4. Regulatory Compliance

PFC remains firmly committed to upholding a culture of compliance by embedding regulatory adherence within its enterprise-wide governance and risk management framework. In alignment with applicable legal requirements, industry standards and the expectations of statutory authorities such as RBI, SEBI, and the Ministry of Power, the corporation has instituted a structured regulatory compliance control system.

A designated compliance function operates independently to track regulatory developments, facilitate alignment of internal policies and support departments in maintaining procedural conformity. This

system is further reinforced through periodic audits, regular compliance assessments and timely reporting to senior leadership and the Board. These practices help in identifying gaps, ensuring corrective actions and safeguarding the corporation from potential legal, financial and reputational risks.

By integrating compliance into its broader risk governance structure, PFC not only ensures business continuity but also strengthens corporate credibility and reinforces stakeholder's assurance in its responsible and ethical conduct.

Tax Compliance

- PFC upholds a disciplined and transparent approach to taxation.
- Practices are fully aligned with the prevailing tax laws and statutory obligations prescribed by the Government of India.
- The Corporation ensures accurate and timely filing of tax returns, statutory disclosures, and regulatory submissions.
- Supported by a well-defined internal control mechanism.





GRI INDEX

GRI Standard	GRI Disclosure	Section Reference (Pg. No.)
GRI 2: General	2-1 Organizational details	Section : Organization profile; Subsection: About PFC (Pg. No. 7)
	2-2 Entities included in the organization's sustainability reporting	Section : About this report; Subsection: Reporting scope and boundary (Pg. No. 4)
	2-3 Reporting period, frequency and contact point	Section : About this report; Subsection: Reporting period and frequency (Pg. No. 4)
	2-4 Restatements of information	Section : About this report; Subsection: Restatement of details (Pg. No. 5)
	2-5 External assurance	BRSR report is externally assured
	2-6 Activities, value chain and other business relationships	Section : Organization profile; Subsection: About PFC (Pg. No. 7)
	2-7 Employees	Section : Pillar 2; Subsection: Employee Overview and Inclusive Work Culture (Pg. No. 41)
	2-8 Workers who are not employees	Not Applicable
	2-9 Governance structure and composition	Section : Pillar 3; Subsection: Governance Structure, Board of Directors (Pg. No. 57, 58)
	2-10 Nomination and selection of the highest governance body	Section : Pillar 3; Subsection: Governance Structure, Board of Directors (Pg. No. 57, 58)
	2-11 Chair of the highest governance body	Section : Pillar 3; Subsection: Governance Structure (Pg. No. 57)
	2-12 Role of the highest governance body in overseeing the management of impacts	Section : Pillar 3; Subsection: Governance Structure; Board of Directors; Board Committees (Pg. No. 57, 58, 59)
	2-13 Delegation of responsibility for managing impacts	Section : Pillar 3; Subsection: Board Committees (Pg. No. 59)
	2-14 Role of the highest governance body in sustainability reporting	Section : Pillar 3; Subsection: Board Committees (Pg. No. 59)
	2-15 Conflicts of interest	Section : Pillar 3; Subsection: Board Committees, Code of Business Conduct and Ethics (Pg. No. 59, 61)
	2-16 Communication of critical concerns	Section : Pillar 3; Subsection: PFC's Policy Framework, Grievance redressal mechanism (Pg. No. 60, 68, 69,)
	2-17 Collective knowledge of the highest governance body	Section : Pillar 3; Subsection: Board of Directors (Pg. No. 58)

GRI Standard	GRI Disclosure	Section Reference (Pg. No.)
GRI 2: General	2-18 Evaluation of the performance of the highest governance body	Section : Pillar 3; Subsection: Board Committees (Pg. No. 59)
	2-19 Remuneration policies	Section : Pillar 2; Subsection: Equal Opportunity Policy, Ensuring Pay Parity (Pg. No. 43)
	2-20 Process to determine remuneration	Section : Pillar 3, Pillar 2; Subsection: Board committee on remuneration, Equal Opportunity Policy (Pg. No. 59, 43)
	2-21 Annual total compensation ratio	Annual Report; BRSR; Pg 131, 132
	2-22 Statement on sustainable development strategy	Section : CMD Message (Pg. No. 6)
	2-23 Policy commitments	Section : Pillar 3; Subsection: PFC's Policy Framework (Pg. No. 60)
	2-24 Embedding policy commitments	Section : Pillar 3; Subsection: Vigilance – promoting transparency and accountability (Pg. No. 70, 71)
	2-25 Processes to remediate negative impacts	Section : Pillar 3; Subsection: Grievance redressal mechanism (Pg. No. 68, 69)
	2-26 Mechanisms for seeking advice and raising concerns	Section : Pillar 3; Subsection: Grievance redressals, Stakeholder Engagement (Pg. No. 68, 69, 16, 17, 18)
	2-27 Compliance with laws and regulations	Section : Pillar 3; Subsection: Regulatory compliance (Pg. No. 72)
	2-28 Membership associations	Section : Organisation profile; Subsection: Industry collaboration (Pg. No. 12)
	2-29 Approach to stakeholder engagement	Section : Stakeholder Engagement & Materiality Assessment; Subsection: Stakeholder Engagement (Pg. No. 16, 17, 18)
	2-30 Collective bargaining agreements	Section : Pillar 2; Subsection: Employee Associations and Groups (Pg. No. 49)
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Section : Stakeholder Engagement & Materiality Assessment; Subsection: Materiality Assessment (Pg. No. 19, 20, 21)
	3-2 List of material topics	Section : Stakeholder Engagement & Materiality Assessment; Subsection: Materiality Assessment (Pg. No. 19, 20, 21)
	3-3 Management of material topics	Section : Stakeholder Engagement & Materiality Assessment; Subsection: Materiality Assessment (Pg. No. 19, 20, 21)

GRI Standard	GRI Disclosure	Section Reference (Pg. No.)
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Given the nature of PFC's operations, there is no significant direct impact on biodiversity.
	101-2 Management of biodiversity impacts	Given the nature of PFC's operations, there is no significant direct impact on biodiversity.
	101-3 Access and benefit-sharing	Given the nature of PFC's operations, there is no significant direct impact on biodiversity.
	101-4 Identification of biodiversity impacts	Given the nature of PFC's operations, there is no significant direct impact on biodiversity.
	101-5 Locations with biodiversity impacts	Given the nature of PFC's operations, there is no significant direct impact on biodiversity.
	101-6 Direct drivers of biodiversity loss	Given the nature of PFC's operations, there is no significant direct impact on biodiversity.
	101-7 Changes to the state of biodiversity	Given the nature of PFC's operations, there is no significant direct impact on biodiversity.
	101-8 Ecosystem services	Given the nature of PFC's operations, there is no significant direct impact on biodiversity.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Section : Organisation profile; Subsection: Financial Performance (Pg. No. 11)
	201-2 Financial implications and other risks and opportunities due to climate change	Annual Report; BRSR; Pg 140, 141, 142
	201-3 Defined benefit plan obligations and other retirement plans	Section : Pillar 2; Subsection: Employee benefits (Pg. No. 50)
	201-4 Financial assistance received from government	Section : Organisation profile; Subsection: Strategic partnerships with GoI (Pg. No. 10)
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Annual Report; BRSR; Pg 131, 132
	202-2 Proportion of senior management hired from the local community	Annual Report; BRSR; Pg 130, 131, 132
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Section : Pillar 1; Subsection: Clean energy projects financed by PFC (Pg. No. 29, 30, 31, 32)
	203-2 Significant indirect economic impacts	Section : Pillar 1; Subsection: Clean energy project case studies (Pg. No. 36, 37, 38)
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Section : Pillar 2; Subsection: Transparent and Responsible Procurement (Pg. No. 51)

GRI Standard	GRI Disclosure	Section Reference (Pg. No.)
GRI 205: Anticorruption 2016	205-1 Operations assessed for risks related to corruption	Section : Pillar 3; Subsection: PFC's Policy Framework (Pg. No. 60)
	205-2 Communication and training about anti-corruption policies and procedures	Section : Pillar 3; Subsection: PFC's Policy Framework (Pg. No. 60)
	205-3 Confirmed incidents of corruption and actions taken	Section : Pillar 3; Subsection: PFC's Policy Framework (Pg. No. 60)
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Section : Pillar 3; Subsection: Anti-Fraud Policy (Pg. No. 62) Annual Report; BRSR; Pg 140
GRI 207: Tax 2019	207-1 Approach to tax	Section : Pillar 3; Subsection: Regulatory Compliance (Pg. No. 72)
	207-2 Tax governance, control, and risk management	Section : Pillar 3; Subsection: Regulatory Compliance (Pg. No. 72)
	207-3 Stakeholder engagement and management of concerns related to tax	Section : Pillar 3; Subsection: Regulatory Compliance (Pg. No. 72) Section : Stakeholder Engagement & Materiality Assessment; Subsection: Stakeholder Engagement (Pg. No. 16, 17,18)
	207-4 Country-by-country reporting	Section: Organisation profile; Subsection: Financial Performance (Pg. No. 11)
301: Materials 2016	301-1 Materials used by weight or volume	Not Applicable - PFC's operations do not involve the use, recycling and processing of major physical materials
	301-2 Recycled input materials used	Section : Pillar 1; Subsection: Waste management (Pg. No. 35)
	301-3 Reclaimed products and their packaging materials	Not Applicable - PFC's operations do not involve the use, recycling and processing of major physical materials
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Section : Pillar 1; Subsection: Resource management (Pg. No. 33)
	302-2 Energy consumption outside of the organization	Not Applicable
	302-3 Energy intensity	Section : Pillar 1; Subsection: Resource management (Pg. No. 33)
	302-4 Reduction of energy consumption	Section : Pillar 1; Subsection: Natural resource consumption and management (Pg. No. 33)
	302-5 Reductions in energy requirements of products and services	Section : Pillar 1; Subsection: Natural resource consumption and management (Pg. No. 33)

GRI Standard	GRI Disclosure	Section Reference (Pg. No.)
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Section : Pillar 1; Subsection: Resource management (Pg. No. 33)
	303-2 Management of water discharge-related impacts	Annual Report; BRSR; Pg 135
	303-3 Water withdrawal	Section : Pillar 1; Subsection: Resource management (Pg. No. 33) Annual Report; BRSR; Pg 137, 138
	303-4 Water discharge	Annual Report; BRSR; Pg 135
	303-5 Water consumption	Section : Pillar 1; Subsection: Resource management (Pg. No. 33)
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Section : Pillar 1; Subsection: Emissions Management (Pg. No. 33)
	305-2 Energy indirect (Scope 2) GHG emissions	Section : Pillar 1; Subsection: Emissions Management (Pg. No. 33)
	305-3 Other indirect (Scope 3) GHG emissions	NA - the company is in the process of assessing the methodology to measure the Scope 3 emissions.
	305-4 GHG emissions intensity	Section : Pillar 1; Subsection: Emissions Management (Pg. No. 33)
	305-5 Reduction of GHG emissions	Section : Pillar 1; Subsection: Emissions Management (Pg. No. 33)
	305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	The company is in the financial sector and hence this has limited applicability to PFC.
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Annual Report; BRSR; Pg 136, 137
	306-2 Management of significant waste-related impacts	Section : Pillar 1; Subsection: Waste management (Pg. No. 35)
	306-3 Waste generated	Annual Report; BRSR; Pg 136, 137
	306-4 Waste diverted from disposal	Annual Report; BRSR; Pg 136, 137
	306-5 Waste directed to disposal	Annual Report; BRSR; Pg 136, 137

GRI Standard	GRI Disclosure	Section Reference (Pg. No.)
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Section : Pillar 2; Subsection: Transparent and Responsible Procurement (Pg. No. 51)
	308-2 Negative environmental impacts in the supply chain and actions taken	Not Applicable
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Section : Pillar 2; Subsection: Employee Overview and Inclusive Work Culture (Pg. No. 41)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Section : Pillar 2; Subsection: Employee Benefits (Pg. No. 49, 50)
	401-3 Parental leave	Section : Pillar 2; Subsection: Employee benefits (Pg. No. 50, 51)
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	PFC adheres to DPE guidelines
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)
	403-2 Hazard identification, risk assessment, and incident investigation	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)
	403-3 Occupational health services	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)
	403-5 Worker training on occupational health and safety	Section : Pillar 2; Subsection: Training and Capacity Development (Pg. No. 46, 47)
	403-6 Promotion of worker health	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)
	403-8 Workers covered by an occupational health and safety management system	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)
	403-9 Work-related injuries	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)
	403-10 Work-related ill health	Section : Pillar 2; Subsection: Employee Wellbeing and workplace safety (Pg. No. 49)

GRI Standard	GRI Disclosure	Section Reference (Pg. No.)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Section : Pillar 2; Subsection: Training and Capacity Development (Pg. No. 46, 47)
	404-2 Programs for upgrading employee skills and transition assistance programs	Section : Pillar 2; Subsection: Training and Capacity Development; IT Practices (Pg. No. 46, 47, 65, 66, 67)
	404-3 Percentage of employees receiving regular performance and career development reviews	Section : Pillar 2; Subsection: Performance Management (Pg. No. 46)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Section : Pillar 2; Subsection: Diversity and Inclusion (Pg. No. 42)
	405-2 Ratio of basic salary and remuneration of women to men	Section : Pillar 2; Subsection: Ensuring Pay Parity, (Pg. No. 43) Annual Report; BRSR; Pg 132
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Section : Pillar 2; Subsection: Human Rights (Pg. No. 43)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Section : Pillar 2; Subsection: Employee Association (Pg. No. 49)
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Section : Pillar 2; Subsection: Human Rights, Fair practice code (Pg. No. 43, 62)
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Section : Pillar 2; Subsection: Human Rights, Fair practice code (Pg. No. 43,62)
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Section : Pillar 2; Subsection: Human Rights, Training and Capacity Development (Pg. No. 43, 46, 47)
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not Applicable - PFC's operations do not involve land acquisition or activities impacting indigenous communities

GRI Standard	GRI Disclosure	Section Reference (Pg. No.)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Section : Pillar 2; Subsection: Community Engagement and CSR Initiatives (Pg. No. 51, 52, 53, 54)
	413-2 Operations with significant actual and potential negative impacts on local communities	Section : Pillar 2; Subsection: Community Engagement and CSR Initiatives case study (Pg. No. 51, 52, 53, 54)
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Section : Pillar 2; Subsection: Transparent and Responsible Procurement (Pg. No. 51)
	414-2 Negative social impacts in the supply chain and actions taken	Section : Pillar 2; Subsection: Transparent and Responsible Procurement (Pg. No. 51)
GRI 415: Public Policy 2016	415-1 Political contributions	Not Applicable
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not Applicable - PFC provides financial services with no physical products or services posing health and safety risks
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable - PFC provides financial services with no physical products or services posing health and safety risks
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Section : Pillar 1; Subsection: Low carbon financing, Green Bond framework (Pg. No. 24, 25, 26, 27, 28)
	417-2 Incidents of non-compliance concerning product and service information and labelling	Not Applicable
	417-3 Incidents of non-compliance concerning marketing communications	Not Applicable
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Section : Pillar 3; Subsection: Data Privacy and Cyber Security (Pg. No. 66, 67)

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(A Maharatna Company)

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