



PRIYA BLUE®

Trusted Globally, Recycling Sustainably

Sustainability Report

FOR THE CALENDAR YEAR 2025

RESPONSIBLE SHIP RECYCLING | ENVIRONMENTAL STEWARDSHIP | SAFETY & WORKER WELFARE

Contents

1. About the Report	03
1.1 Reporting Frameworks and Standards	03
1.2 Reporting Period and Boundary	04
1.3 Restatements of Information	06
1.4 Data Collection and Methodology	06
1.5 Assurance and Verification	08
1.6 Stakeholder Inclusiveness	09
2. Message from Leadership	12
2.1 Message from the Managing Director	12
2.2 Message from the Global Sustainability Advisor	13
3. Organisational Overview	17
3.1 Organisation Profile	17
3.2 Vision, Mission, and Core Values	18
3.3 Business Operations & Geographic Presence	19
3.4 Products and Services	20
3.5 Organisational Structure and Key Policies	21
3.6 Certifications and Accreditations	23
4. Sustainability Approach	23
4.1 Our Commitment to Sustainability	24
4.2 Materiality Assessment & Stakeholder Engagement	25
4.3 Alignment with UN Sustainable Development Goals (SDGs)	28
4.4 Governance of Sustainability	31
5. Environmental Stewardship	38
5.1 Environmental Policy and Objectives	38
5.2 Energy Consumption and Efficiency	39
5.3 Greenhouse Gas (GHG) Emissions – Scope 1, 2 & 3	44
5.4 Water and Effluent Management	47
5.5 Waste Management and Circularity (Material Circularity Index / Circularity Score)	48
5.6 Local Sustainable Plantation and Ecosystem Support	59
6. Social Responsibility	60
6.1 Workforce and Human Capital Development	60
6.1.1 Workforce Overview	60
6.1.2 Training and Human Capital Development (GRI 404)	63
6.2 Employee Engagement and Training	65
6.3 Community Engagement and CSR Initiatives	65
6.4 Grievance Redressal and Labour Practices	66
7. Health, Safety and Environment (HSE) Performance	67
7.1 HSE Management System (Integration of ISO 45001)	67
7.2 Safety Policy and Objectives	68
7.3 Safety Induction and Annual Training Programme Plan	69
7.4 Incident Reporting and Investigation Procedures	70
7.5 HSE Performance Statistics	70
7.6 Occupational Health and Medical Surveillance	77
7.7 Emergency Preparedness and Response Drills	78
7.8 Contractor and Visitor Safety Management	80
7.9 Continuous Improvement Initiatives in HSE	80
8. Governance and Ethics	81
8.1 Governance Structure and Leadership	81
8.2 Business Ethics and Anti-Corruption Measures	82
8.3 Risk Management	83
8.4 Compliance and Regulatory Framework	86
8.5 Whistle-blower Policy and Transparency	87
9. Innovation and Future Roadmap	88
9.1 Process Improvements and Technology Adoption	88
9.2 Digitalisation and Data Transparency	91
9.3 ESG Targets and Commitments	92
9.4 Continuous Improvement Strategy	95
10 Abbreviations	96

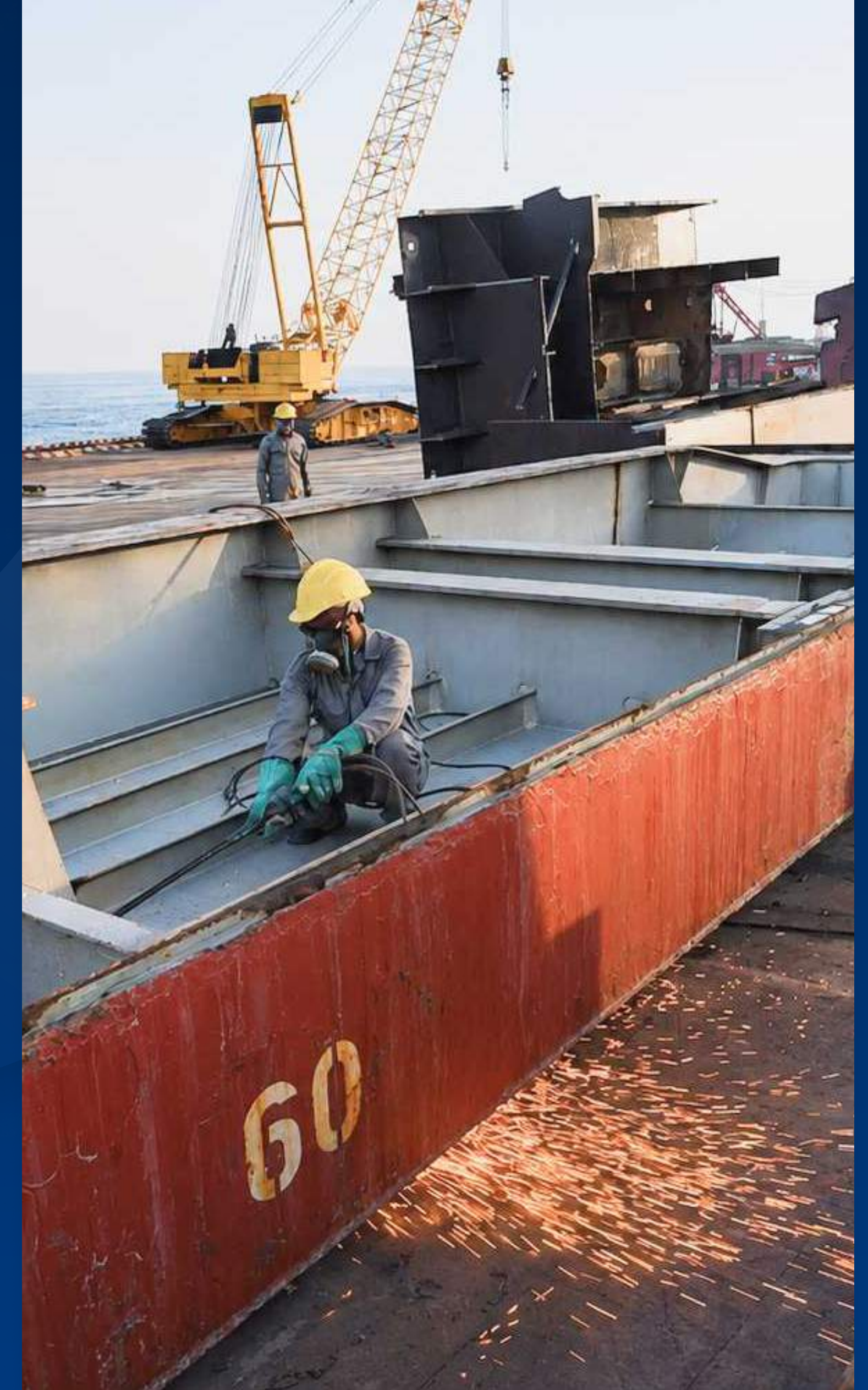
1. About the Report

1.1 Reporting Frameworks and Standards

This Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021). The GRI framework provides the basis for determining material topics and structuring disclosures across environmental, social, and governance dimensions. All disclosures follow the Universal Standards and the relevant Topic-specific Standards applicable to our operations. The Priya Blue Group (PBG) management practices and operational systems are guided by internationally recognised standards. PBG maintains and implements the following management systems:

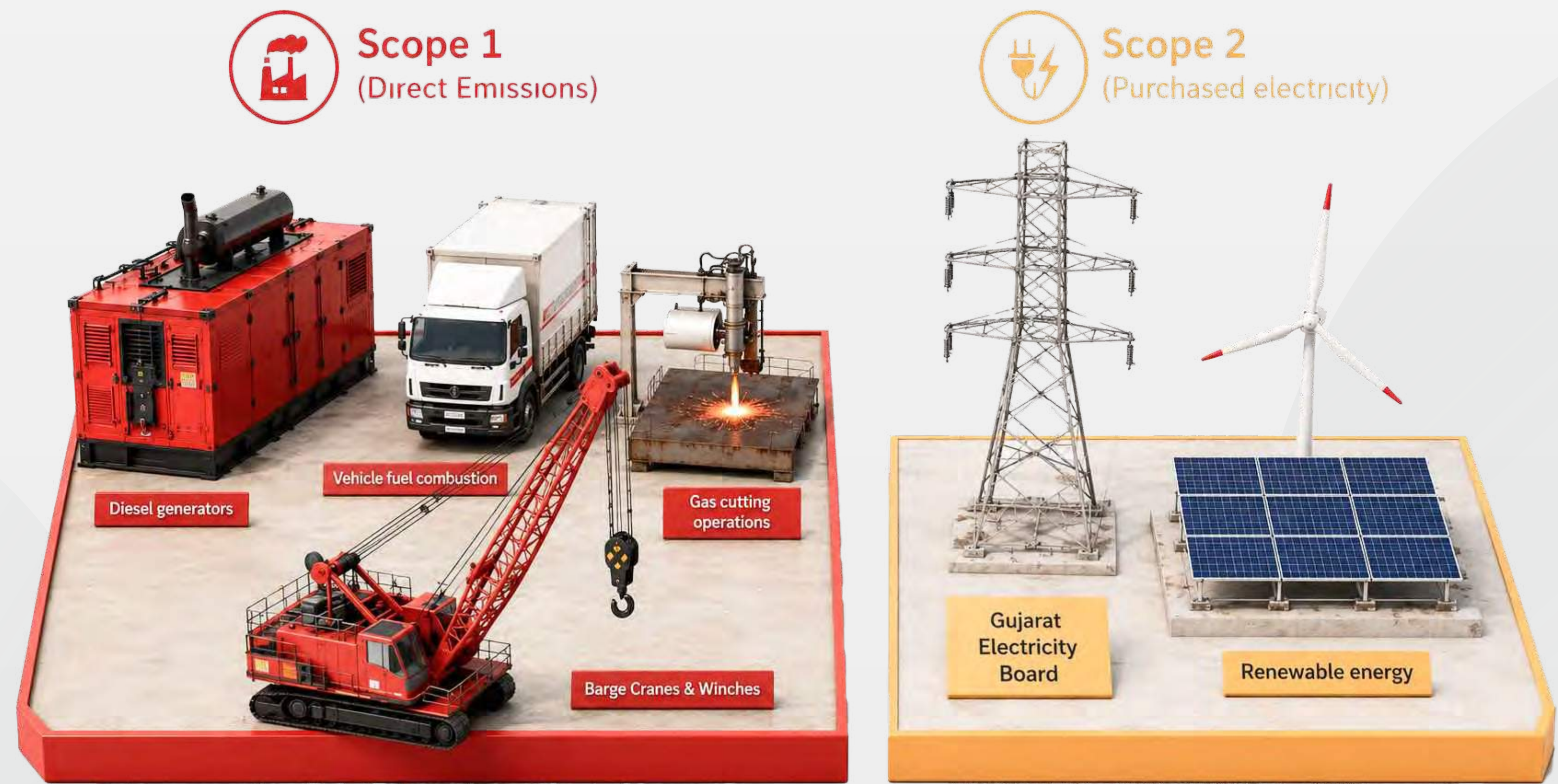
- ISO 9001:2015 – Quality Management System: Defines requirements for consistent service quality, process reliability, and continual improvement across dismantling, handling, and supporting processes.
- ISO 14001:2015 – Environmental Management System: Establishes a systematic approach for managing environmental impacts, complying with regulatory requirements, and implementing resource-efficient practices.
- ISO 45001:2018 – Occupational Health and Safety Management System: Provides the framework for identifying hazards, assessing risks, and implementing measures to protect workers and contractors across all yard operations.
- ISO 30000:2009 – Ship Recycling Management System: Sets out requirements for safe and environmentally sound ship recycling, including the handling of hazardous materials, documentation of processes, and control of downstream material flows.

These management systems form the foundation for the processes, performance indicators, and assessments reflected throughout this report. They also ensure compliance with applicable regulatory requirements and support continuous improvement in operational performance. In addition, the report is aligned with the United Nations Sustainable Development Goals (UN SDGs). Relevant SDGs have been mapped to material topics to highlight how our activities contribute to global environmental and social priorities. The alignment is based on the nature of our operations, the outcomes of our materiality assessment, and the significance of each topic across the value chain.



1.2 Reporting Period and Boundary

This Sustainability Report covers the period 1 January 2025 to 31 December 2025. All performance indicators and qualitative disclosures refer to this period and/or single point data refer to the situation as at 31 Dec 2025, unless stated otherwise. The reporting boundary includes all ship recycling operations under direct organisational control. For this reporting year, the boundary covers the three operational yards: **Yard V1 | Yard V2 | Yard 169M**



These facilities constitute the full operational scope for environmental, social & governance reporting.



Operational Boundary

The greenhouse gas (GHG) inventory covers operations under PBG's direct operational control across Yards V1, V2, and 169M. The boundary includes activities directly managed by the organisation, such as onboard dismantling, cutting operations, equipment usage, lifting and material handling within the yard premises, and other supporting operational activities.

Emissions accounted for within this boundary include:

- Scope 1 – Direct emissions arising from fuel combustion in gas cutting sets, lifting equipment, generators & other operational machinery used during ship recycling activities.
- Scope 2 – Indirect emissions from purchased electricity consumed at the yard facilities.

The operational boundary is limited to processes where PBG exercises full management control over operational practices, energy consumption, and safety procedures.

Scope 3 Consideration

While the primary GHG inventory currently includes Scope 1 and Scope 2 emissions, several upstream and downstream activities within the ship recycling value chain have been identified as potential sources of Scope 3 emissions in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard. These may include emissions associated with purchased goods and services, capital equipment, waste treatment conducted by authorised external handlers, employee commuting, and downstream processing of recovered materials. However, Scope 3 emissions are not quantified or reported in the present inventory due to data availability constraints and methodological challenges associated with obtaining reliable value-chain data. Future reporting cycles may progressively expand the inventory boundary to include relevant Scope 3 categories as data quality and monitoring systems improve.

1.3 Restatements of Information

This is the first Sustainability Report published by PBG. Accordingly, there are no restatements of previously reported information. Future reports will disclose any restatements arising from changes in methodology, data improvements, or corrections to previously reported information, along with the reasons and impacts of such changes.

1.4 Data Collection & Methodology

This Sustainability Report has been prepared using a structured and transparent data collection process to ensure consistency, reliability, and comparability of information across environmental, social, and governance (ESG) parameters. Data for the reporting period were collected from internal systems, operational records, and functional departments including operations, environment, health and safety, human resources, procurement, and finance. The reporting process followed a bottom-up approach, with data consolidated at PBG all level after internal validation. Where direct measurement was available, primary data were used. In instances where primary data were not available, secondary data, estimates, or industry-accepted methodologies were applied. All assumptions used for estimation have been documented and applied conservatively.

Environmental Data

Environmental performance data relating to energy, fuel, greenhouse gas emissions, water and waste were collected from meter readings, fuel issue registers, utility bills, waste disposal records, and authorised recycler documentation. Greenhouse gas emissions have been calculated in line with the GHG Protocol, covering Scope 1 and Scope 2. Emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e) using appropriate emission factors (generally from DEFRA data where possible) and accepted Global Warming Potential (GWP) data. Contaminated water discharge data were compiled from on-site measurement systems and tanker receipts, while waste data were categorised into hazardous and non- hazardous streams and tracked through internal registers and statutory manifests.





Governance Data

Governance-related information, including policies, compliance status, risk management practices, and ethics disclosures, was collated from internal policy documents, management records, and compliance registers. Whistle-blower cases, where applicable, are reported in an aggregated and anonymised manner.

Social and HSE Data

Social and health & safety data were sourced from human resource records, contractor registers, training logs, incident reporting systems, and occupational health records. HSE performance indicators such as injury rates and safety statistics were calculated using standard industry definitions based on total man-hours worked. Community engagement and CSR data were collected from programme records, beneficiary assessments, and impact evaluation reports.

Continuous Improvement

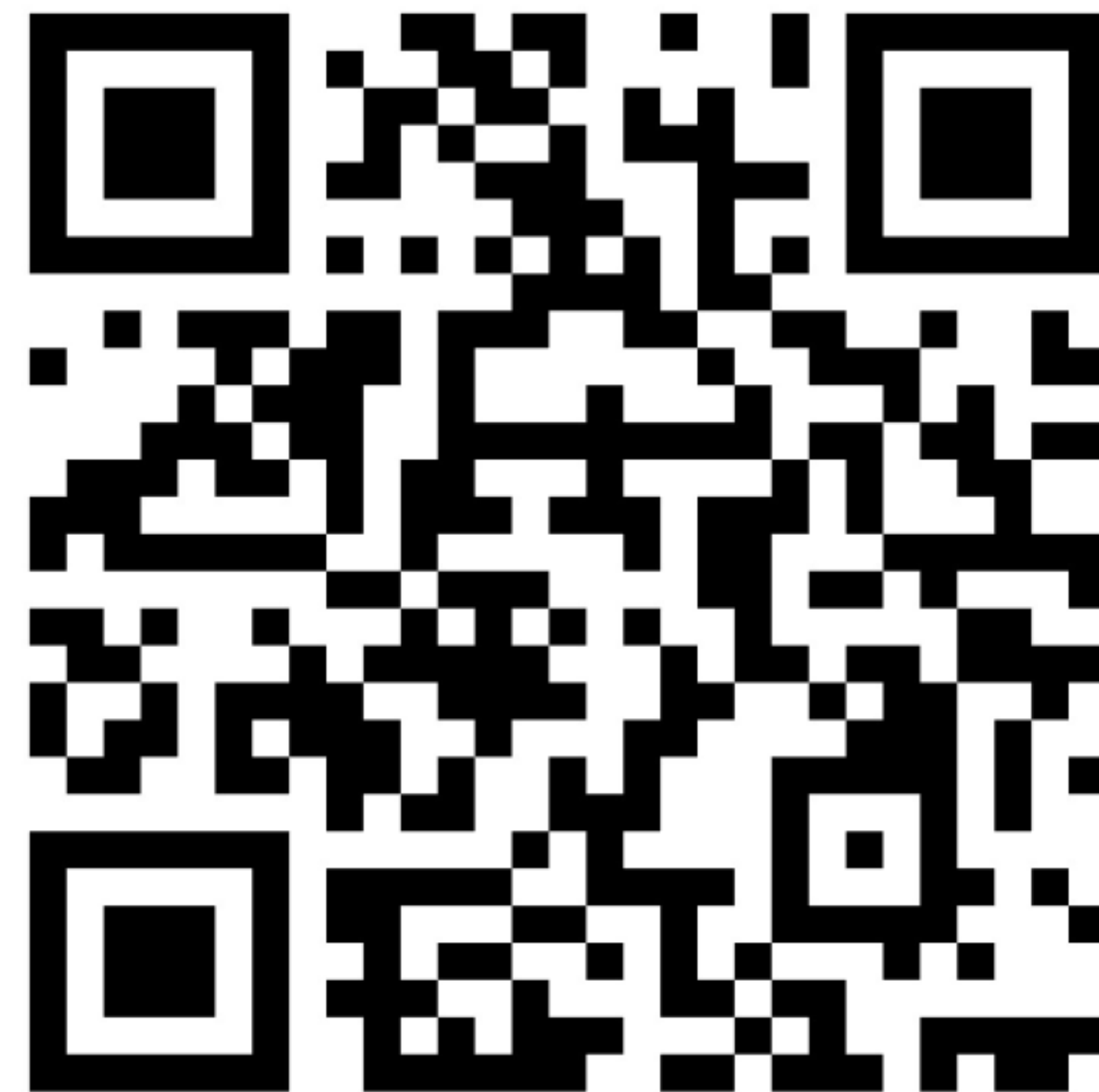
PBG recognises sustainability reporting as an evolving process and is taking steps to improve data management, digitalisation, and internal controls to enhance the quality and depth of future disclosures.

Data Validation & Limitations

To enhance data quality, information was reviewed internally by respective functional teams prior to consolidation. Reasonableness checks were performed to ensure year-on-year consistency. While every effort has been made to ensure accuracy, certain disclosures are based on secondary data/industry standards due to data availability constraints. PBG is committed to progressively strengthening data systems and expanding coverage in future reporting cycles.

1.5 Assurance and Verification

To reinforce the credibility and transparency of our sustainability disclosures, Priya Blue Group commissioned the American Bureau of Shipping (ABS) to conduct an independent limited assurance engagement on selected environmental & social disclosures presented in this Sustainability Report for the reporting period ending 31 December 2025.



Scan to open PDF

1.6 Stakeholder Inclusiveness

PBG recognises that sustainable ship recycling requires continuous and structured engagement with stakeholders who influence or are affected by its operations. Stakeholders are identified based on regulatory authority, operational linkage, financial exposure, supply chain relationships, and community proximity. Their inputs are considered in PBG's risk management processes, compliance systems, and its materiality assessment.

Regulatory and Government Authorities

PBG maintains regular engagement with key authorities including the Gujarat Pollution Control Board, Ministry of Environment, Forest and Climate Change, Directorate of Industrial Safety and Health, Directorate General of Shipping, Gujarat Maritime Board, Central Board of Indirect Taxes and Customs, port authorities including Bhavnagar Port, and the local municipality/panchayat. Engagement takes place through statutory reporting, environmental monitoring submissions, inspections, safety audits, customs and port clearances, compliance reviews, and visits to, and ongoing discussions with, the various parties. The objective is to ensure full legal compliance and maintain PBG's licence to operate.

Ship Owners and Suppliers

Ship owners and suppliers are engaged through pre-arrival documentation review, including the Inventory of Hazardous Materials (IHM), approval of the Ship Recycling Plan (SRP), contractual discussions, and responsible procurement practices. The focus is on ensuring environmentally sound and safe recycling in line with applicable national and international standards.

Financial Institutions and Insurance Providers

Banks, financial institutions, and insurers are engaged through ESG disclosures, risk assessments, and compliance documentation. These interactions support transparency, demonstrate effective risk management, and reinforce financial stability.





Steel Re-rollers and Scrap Buyers

Downstream buyers are engaged through sales contracts, and compliance communication. This supports responsible material recovery and contributes to circular economy outcomes.

Local Community and Public Stakeholders

PBG engages with residents of Alang-Sosiya and nearby villages through community interactions, local employment opportunities, grievance redressal mechanisms, and CSR initiatives. Schools and educational institutions are engaged through awareness and financial supporting initiatives. Healthcare providers are coordinated with for occupational health services and emergency response support. Trade unions and workers' collectives are engaged through dialogue on workplace safety, labour welfare, and grievance handling. Media engagement is undertaken to ensure transparency and responsible communication regarding operations and sustainability performance.

Engagement Mechanisms

PBG maintains a structured stakeholder mapping process, a formal grievance redressal mechanism, periodic materiality assessments, and management-level review of stakeholder feedback. Stakeholder inputs are integrated into operational improvements, environmental management systems, occupational health and safety controls, and long-term sustainability strategy.

Stakeholder Mapping

Regulatory & Governmental Bodies

- State Pollution Control Board (GPCB)
- MoEF&CC
- Directorate of Industrial Safety & Health
- Directorate General of Shipping
- Gujarat Maritime Board
- Customs Department
- Port Authorities (e.g. Bhavnagar Port)
- Local Municipality / Panchayat

Ship Owners & Suppliers

- Ship Owners
- Suppliers & Contractors

Steel Re-rollers & Scrap Buyers

- Steel Re-rollers
- Scrap Buyers

Financial & Market Players

- Insurance Companies
- Banks / Financial Institutions

Local Community & Public

- Residents of Alang & Nearby Villages
- Schools / Educational Institutions
- Healthcare Providers
- Trade Unions / Workers' Collectives

Media

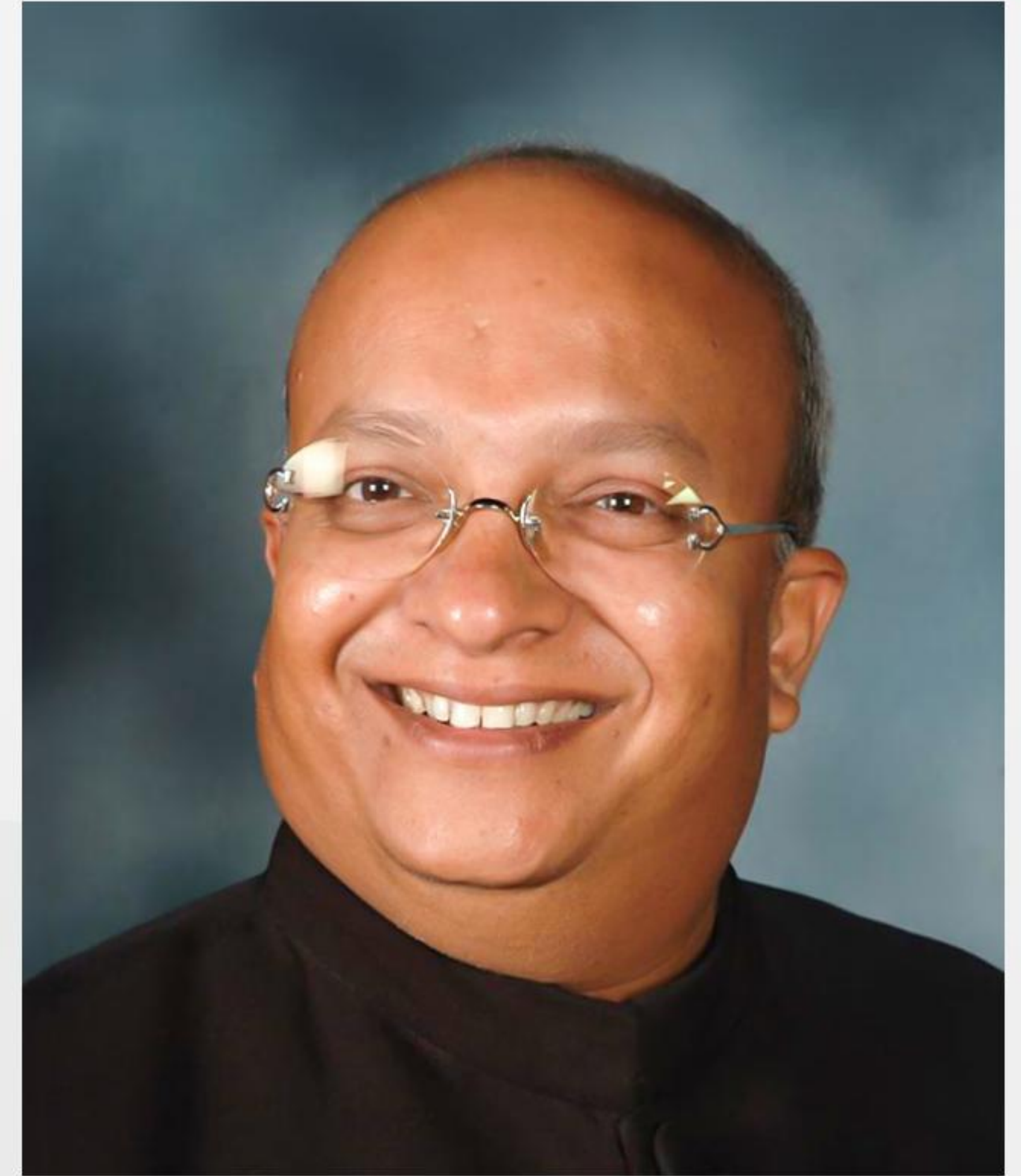
- News Outlets
- Journalists



2. Message from Leadership

2.1 Message from the Managing Director

It gives me great pride to present the Priya Blue Group's first Sustainability Report, an important milestone in our journey to strengthen transparency, accountability, and responsible industrial development within the ship recycling sector. For more than two decades, I have personally overseen the evolution of our ship recycling facilities (SRF), and throughout this time one belief has remained constant: responsible ship recycling is not only possible; it is essential. This report reflects our commitment to demonstrating that belief through measurable action. Ship recycling is a demanding, complex, and often misunderstood industry. It sits at the intersection of environmental responsibility, worker safety, and global material circularity. Every vessel that arrives at our yards represents both an opportunity and a responsibility: the opportunity to recover valuable materials that reduce the need for virgin resource extraction, and the responsibility to ensure that this recovery is carried out safely, ethically, and with full respect for the environment and the people who make our operations possible. As the owner of the Priya Blue Group (PBG), I have always believed that we must lead by example, not because regulations require it, but because it is the right thing to do. Over the years, I have chosen to invest significantly, often voluntarily and well beyond compliance requirements, in workforce safety and welfare environmental safeguards, infrastructure, technology. These investments come directly from our bottom line, but I view them not as costs, but as commitments to the future of our industry and the communities around us. Whether it is the installation of impermeable flooring and engineered drainage systems, the transition to cleaner fuels such as PNG, the deployment of high-capacity cranes to eliminate beach contact, or the development of Priya Blue City to provide dignified living conditions for our workers, each initiative reflects a deliberate choice to raise standards rather than follow them. This first Sustainability Report has required us to examine our operations with honesty and rigour. We have identified strengths, but also areas where our data, systems, and processes must improve. I welcome this. Transparency is not about showcasing perfection; it is about demonstrating commitment. By establishing 2025 as our baseline year, we are setting the foundation for continuous improvement, year after year.



Mr. Sanjay P. Mehta

Managing Director, Priya Blue Group



Our workforce remains at the heart of everything we do. Ship recycling is labor-intensive, and the safety, well-being, and development of our workers are non-negotiable priorities. We will continue to invest in training, supervision, medical care, and welfare systems that protect and empower sites. every individual on our sites.

Looking ahead, my vision is clear: to make **Priya Blue Group** the benchmark for safe, environmentally responsible, and socially progressive ship recycling, not only in India, or South Asia, but globally.

This report is a step in that direction, and I reaffirm my commitment to driving this transformation with integrity, ambition, and unwavering responsibility.

2.2 Message from the Global Sustainability Advisor

The publication of this, our first Sustainability Report, prepared by a company operating within this industry marks a significant milestone not only for the Priya Blue Group (PBG) of Sustainable Ship Recycling Facilities (SRF), but also for the global ship recycling sector and we are immensely proud to share it with our stakeholders.

For a sector that has long played an essential, yet often under-documented role in the global maritime economy as it moves towards full circularity, the decision to measure, and crucially 100% transparently disclose, and then commit to continuously improve our environmental, social, and governance performance reflects a major and robust step forward.

Ship recycling sits at the intersection of two critical global priorities: the transition to a circular economy and the responsible management of industrial activities that involve complex and threatening environmental and human safety considerations. Every year, vessels reach the end of their operational life and must be dismantled in a manner that recovers all the valuable materials while ensuring the protection of workers, communities, and the environment. When conducted responsibly, ship recycling becomes one of the most effective forms of large-scale industrial recycling in the world. Steel, machinery, and a wide range of materials are recovered and reintroduced into productive use, reducing the demand for virgin resource extraction and lowering the environmental footprint associated with primary production.

However, responsible ship recycling requires far more than the simple recovery of materials. It demands robust operational systems, strict adherence to international and national regulations, disciplined safety practices, and a long-term commitment to environmental stewardship. It also requires transparency. Stakeholders across the maritime value chain, including shipowners, regulators, financial institutions, and civil society, are increasingly seeking clear and credible information about how end-of-life vessels are managed. This report has therefore been developed as an instrument of transparency, accountability, and continuous improvement.

As this is the PBG's first Sustainability Report, the process of developing it has been both rigorous and reflective. The report has been prepared in alignment with the GRI internationally recognised sustainability reporting framework and is supported by certified management systems that guide our operational practices. In assembling the information presented here, we have worked across departments to collect, verify, and analyse environmental, social, and governance data relating to our ship recycling yards, workforce, and operational activities. This process has reinforced an important principle: sustainability is not a separate initiative or a standalone department. It is embedded in the way operations are planned, risks are managed, and decisions are made across PBG. Environmental protection measures, occupational health and safety systems, responsible waste management, workforce welfare initiatives, and governance structures are all interconnected components of responsible ship recycling.



One of the most important contributions of ship recycling to sustainability lies in its role within the circular economy. The recovery of large quantities of steel from end-of-life vessels enables this material to re-enter industrial supply chains as a valuable resource. Compared with primary steel production, recycling significantly reduces (by a factor estimated at up to 60) the energy requirements and emissions associated with raw material extraction and processing. By facilitating the return of steel and other materials to productive use, ship recycling supports resource efficiency and contributes to broader global efforts to decarbonise industrial production.

At the same time, we recognise that ship recycling operations must be managed with the highest standards of environmental and social responsibility. The safe handling of hazardous materials, the protection of marine and coastal ecosystems, the prevention of pollution, and the safeguarding of worker health and safety remain central to our operational priorities. Continuous investments in infrastructure, training, monitoring systems, and environmental controls are therefore essential to ensuring that ship recycling activities are carried out responsibly.

Equally important is the human dimension of our operations. Ship recycling is a labour-intensive industry that relies on skilled workers performing complex and physically demanding tasks. Ensuring safe working conditions, providing training and skill development opportunities, supporting worker welfare, and maintaining accessible grievance mechanisms are fundamental elements of our sustainability approach. The well-being, dignity, and development of our workforce remain a core responsibility.

Transparency through sustainability reporting also provides an opportunity to reflect on areas where improvement is possible. Data collection systems, performance indicators, and monitoring frameworks continue to evolve as our understanding of sustainability challenges deepens. As this report establishes our baseline year for many environmental and social metrics, it will serve as a foundation for future bench-marking and progress tracking.





As the reader will see, we have identified many areas where our data are lacking, and/or where we need to work to achieve the continuous improvement that our ISO 9001 certification requires, especially in the areas of environmental and social monitoring. We report this openly and transparently.

So, looking ahead, our commitment is to strengthen the systems described in this report year-on-year and to continue integrating sustainability into operational and strategic decision-making. This includes improving data quality and digitalisation, enhancing stakeholder engagement, expanding environmental performance initiatives, and strengthening governance mechanisms that support responsible operations.

We also recognise that the transition toward more sustainable ship recycling practices cannot be achieved by any single organisation alone. It requires collaboration across the maritime value chain: shipowners, regulators, classification societies, recyclers, financial institutions, and industry associations. We are working hard to constructively engage with the maritime value chain partners so that our industry can collectively advance safe, responsible and environmentally sound end-of-life vessel management.

Finally, I would like to acknowledge the very valuable contributions of the many teams across the PBG who supported the preparation of this report. Their commitment to responsible operations and continuous improvement has made this milestone possible.

This, our first Sustainability Report, is therefore not only a record of our current practices; it is also a statement of intent. It reflects our belief that transparency, accountability, and responsible stewardship are essential to the future of ship recycling. As we move forward, we remain committed to strengthening these principles and contributing positively to the sustainable transformation of the maritime sector.



3. Organisational Overview

3.1 Organisation Profile

Ship recycling is an integral part (and probably globally the most advanced, since 1880 when the rise of metal-hulled ships in 19th century created a scrapping industry, allowing for the recycling of iron and steel, which was heavily utilised for scrap), of the circular economy, enabling the recovery and reuse of high-value materials from vessels at the end of their service life. By dismantling ships in a controlled and regulated environment, the process reduces the demand for primary raw material extraction and lowers the environmental impacts associated with conventional steel production from virgin iron ore.

The **Priya Blue Group (PBG) of Companies** is the leading operator in this sector and manages three ship recycling yards at Alang, Gujarat, viz. **V1, V2, and 169M**. The PB Group operates controlled dismantling facilities designed to ensure safe and environmentally responsible ship recycling practices. Its operations are certified by independent classification bodies such as ClassNK and Lloyd's Register and are independently certified as being fully compliant with the **Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (HKC)** and the **EU Ship Recycling Regulation (EU SRR No. 1257/2013)**.

The PBG's facilities are structured to manage complex end-of-life vessels, including bulk carriers, tankers (both liquid oil and LNG/LPG), container ships and fish factory vessels. Core capabilities include controlled dismantling, systematic handling of hazardous materials in accordance with national and international regulations, and the provision of responsible, traceable, and compliant end-of-life management solutions for global shipowners.

The PBG is a member of the **United Nations Global Compact (India Network)** and the **Sustainable Shipping Initiative**, reflecting its alignment with globally recognised principles on human rights, labour standards, environmental stewardship, anti-corruption, and sustainable maritime transition.

Through continued investments in infrastructure, workforce training, safety systems, and environmental protection measures, the PBG has contributed to raising operational, safety and environmental standards within the region. These efforts have supported the broader transition of Alang towards safer and more environmentally responsible ship recycling practices, strengthening engagement with shipowners, classification societies, and regulatory authorities.

3.2 Vision, Mission, and Core Values

Vision

We envision a ship recycling industry rooted in sustainable growth, where prosperity, safety, equity, and environmental care go hand in hand. By embracing clean technologies, non-hazardous materials, and energy-efficient practices, we aim to recover resources from end-of-life ships in smarter, safer, and more sustainable ways through ongoing innovation.

Mission

Sustainability is at the heart of everything we do. From minimizing environmental impact and hazardous discharge to implementing advanced, efficient technologies, we are committed to protecting the planet at every stage of the recycling process. Our operations are designed to balance performance with responsibility, proving that long-term profitability can thrive alongside environmental and social stewardship. This unwavering dedication to sustainable progress is our mission.





Core Values

Responsible: Every word reflects our commitment to sustainability, safety, and ethical operations.

Global: Our voice aligns with international standards-clear, professional and culturally aware.

Transparent: We communicate with honesty, backed by facts, data, and proven compliance.

Forward-Thinking: Bold in vision, we challenge norms to lead the future of ship recycling.

Confident: We speak with authority earned through experience, innovation, and industry leadership.

3.3 Business Operations & Geographic Presence

The Priya Blue Group of Companies operates dedicated ship recycling facilities that undertake the controlled dismantling of end-of-life vessels. The Group's operations encompass onboard cutting, steel recovery, equipment handling, and the systematic management of materials in accordance with established safety and environmental standards. These activities are supported by trained personnel, certified processes, and infrastructure designed to ensure compliance with national and international ship recycling requirements.

The Group's operational footprint is in **Alang-Sosiya, Gujarat State**, where it owns and manages three ship recycling yards—**V1, V2, and 169M**. All business activities, including vessel intake, dismantling operations, hazardous material handling, and material recovery processes, are carried out within this geographic location. Alang serves as the central hub for the Group's operational, administrative, and compliance-related functions.

3.4 Products & Services

The Priya Blue Group of Companies operates as a recycling-focused industry, recovering materials and components from end-of-life vessels and supplying them back into the circular economy. The primary output from the Group's operations is low-carbon steel scrap, which is supplied to steel plants for use as a primary raw material. By replacing a portion of virgin iron ore-based production, this recycled steel contributes to lower lifecycle emissions in the steelmaking process.

In addition to steel scrap, the Group recovers and supplies **reusable machinery, equipment, and shipboard fittings**, including generators, motors, pumps, and various auxiliary systems that retain operational value. Furniture, fixtures, and other reusable materials are also extracted, refurbished where necessary, and redirected to local markets.

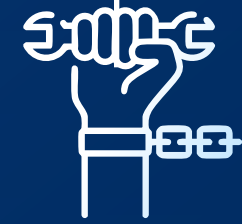
These recovered materials support resource efficiency, reduce the environmental impacts associated with primary production, and extend the useful life of components through reuse and recycling.



Organizational Chart & Key Policies



Policies



Human Rights, Labour & Workplace Conduct

- Avoidance of Child Labour Policy
- Human Rights and Labour Policy
- Anti-Discrimination and Anti- Harassment Policy
- Code of Conduct for Workers' Colony Residents



Ethics, Governance & Accountability

- Anti-Corruption Policy
- Whistleblower Protection Policy
- Grievance Policy
- Data Protection & Privacy Policy



Health, Safety & Well-being

- Health & Safety Management Policy
- Misuse of Alcohol and Drugs Policy
- Individual Safety Incentive Programme Policy



Environmental Sustainability

- Environmental Protection Policy
- Sustainability Policy



Supply Chain & Contractor Management

- Supplier Code of Conduct
- Contractor Management Policy



Community & Social Responsibility

- Voluntary CSR & Community Engagement Policy



3.6 Certifications and Accreditations

All three ship recycling facilities of Priya Blue Group are certified under internationally recognised management systems developed by the International Organization for Standardization, including ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems), ISO 45001 (Occupational Health and Safety Management Systems), and ISO 30000 (Ship Recycling Management Systems). These certifications establish a structured framework for quality, environmental responsibility, worker safety, and safe ship recycling practices, embedding continuous improvement, regulatory compliance, and operational efficiency across all facilities through regular internal and external audits.

In addition, the facilities operate in compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships and align with the EU Ship Recycling Regulation, ensuring adherence to stringent global standards for environmentally sound ship recycling, worker safety, hazardous material management, and responsible downstream waste handling. These certifications and regulatory alignments reinforce Priya Blue Group's commitment to globally benchmarked practices and sustainable operations.

4. Sustainability Approach

4.1 Our Commitment to Sustainability

Sustainability is integral to PBG's approach to its ship recycling operations. PBG recognises that the responsible dismantling of end-of-life vessels carries significant environmental, social, and governance risks and responsibilities, and therefore integrates sustainability considerations into operational planning, risk management, and decision-making processes.

PBG is committed to conducting ship recycling activities in a manner that safeguards the environment, protects and even improves the health and safety of workers, and contributes to the broader circular economy. By recovering valuable materials such as ferrous and non-ferrous metals, and enabling their reintroduction into industrial supply chains, PBG supports resource efficiency and reduces the need for primary raw material extraction.

Environmental stewardship forms a core element of this commitment. Operations are carried out under structured management systems aligned with internationally recognised standards, including ISO 14001 for environmental management, ISO 45001 for occupational health and safety, and ISO 30000 for ship recycling management. These frameworks guide the identification and control of environmental impacts, safe handling of hazardous materials, and continuous improvement of operational practices.

PBG also prioritises the health and safety, and social well-being and development of its workforce. Ship recycling globally is inherently labour-intensive and safety-critical, and therefore robust safety systems, training programmes, and structured supervision mechanisms are implemented to ensure safe working conditions and responsible labour practices across all operational yards.

Sustainability governance is supported through defined internal structures, including oversight by senior management and monitoring through the Sustainability Committee. Environmental performance, health and safety outcomes, regulatory compliance, and stakeholder concerns are periodically reviewed to ensure accountability and continual improvement.

Through these measures, PBG aims to maintain responsible ship recycling practices, strengthen stakeholder confidence, and contribute to the long-term transition of the maritime sector towards safer and more sustainable end-of-life vessel management.



4.2 Materiality Assessment & Stakeholder Engagement

A materiality assessment was undertaken to identify sustainability topics that represent PBG's **most significant actual and potential impacts** on the environment, people, and society, in accordance with the requirements of the **Global Reporting Initiative (GRI Standards)**.

The assessment focused on understanding how PBG's operations influence environmental and social outcomes across its value chain, and on prioritising topics that are critical to responsible operations, risk management, and long-term sustainability.

Identification of Material Topics

An initial list of sustainability topics was developed through internal consultations involving senior management and functional teams. This process considered operational activities, regulatory requirements, past incidents, internal audits, and sector-specific risks relevant to both the specific ship recycling and general heavy industrial context.

The identified topics covered environmental, social, and governance dimensions and included both **actual and potential impacts**, as well as both positive and negative outcomes arising from operations.



Stakeholder Engagement

Key stakeholder groups were identified based on their relationship with PBG and their exposure to impacts resulting from its activities. These included regulatory and governmental authorities, customers and value-chain partners, workers and contractors, local communities, financial institutions, and civil society representatives.

The preliminary list of material topics developed through internal consultations was subsequently shared with external stakeholders for feedback and validation. Stakeholder inputs were gathered through structured and targeted engagements and were used to refine the assessment of impact relevance and significance.

Assessment and Prioritisation

Material topics were prioritised using an **impact-based approach**, consistent with GRI requirements. Each topic was evaluated based on:

- The **severity of impact**, considering its scale, scope, and potential for remediation; and
- The **likelihood** of the impact occurring.

Topics demonstrating high severity and/or high likelihood were identified as material and prioritised for disclosure in this report.

Validation and Governance

The outcomes of the materiality assessment were reviewed and validated by senior management to ensure alignment with operational realities,

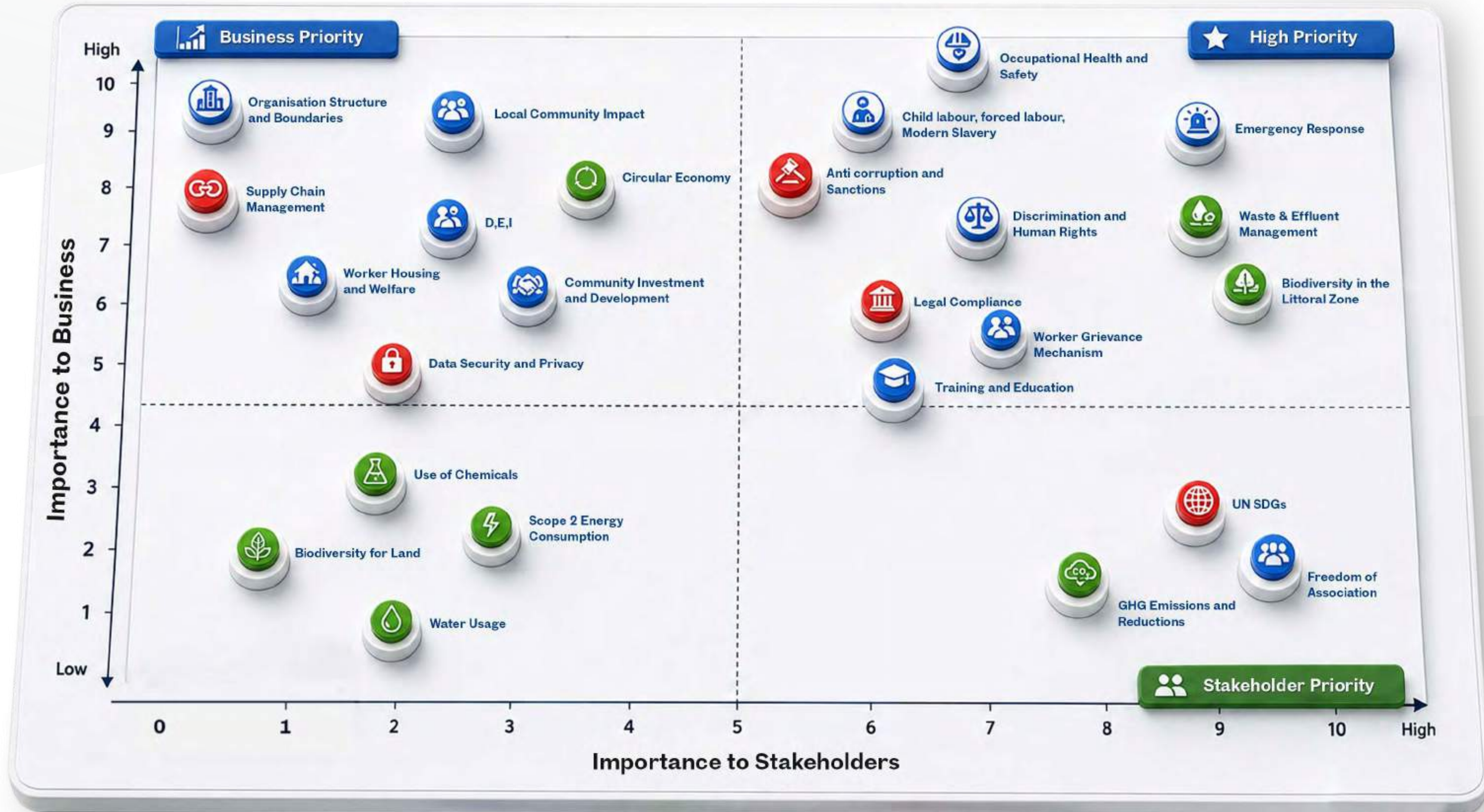
organisational strategy, and risk management priorities. The final list of material topics forms the basis for sustainability disclosures, performance indicators, and improvement initiatives presented in this Sustainability Report.

Review and Continuous Improvement

PBG recognises that materiality is dynamic. The materiality assessment will be reviewed periodically to reflect changes in operational context, regulatory developments, stakeholder expectations, and emerging environmental and social risks.



Materiality Matrix



4.3 Alignment with UN Sustainable Development Goals (SDGs)

PBG recognises the importance of contributing to the global agenda for sustainable development and has aligned its sustainability strategy and initiatives with the **United Nations Sustainable Development Goals (SDGs)**. The SDGs provide a shared framework to address critical environmental, social, and economic challenges while supporting responsible industrial growth.

PBG’s contributions to the SDGs are driven through its core operations, workforce practices, environmental management systems, community development initiatives, and partnerships. Priority SDGs have been identified based on PBG’s material impacts, operational context, and stakeholder expectations.



Key SDGs Supported

SDG 1 – No Poverty

PBG supports fair livelihoods through policies and practices that promote fair wages, worker welfare, and skill development. Welfare measures such as subsidised meals, access to free drinking water and electricity in labour accommodations, and structured training programmes contribute to improving the quality of life of the workforce and surrounding communities.

SDG 3 – Good Health and Well-being

Worker health and safety remain a core operational priority. PBG implements robust safety systems including mandatory use of personal protective equipment (PPE), first-aid facilities, regular medical check-ups, emergency preparedness drills, and access to on- site or partnered healthcare services. These measures support the prevention of occupational illnesses and injuries and promote overall well-being.

SDG 4 – Quality Education

Through community engagement and CSR initiatives, PBG supports access to education by contributing to local school infrastructure and educational assistance programmes for employees’ families. These efforts aim to promote inclusive learning opportunities and long-term social development.

SDG 6 – Clean Water and Sanitation

PBG is committed to responsible water management across operations and communities. Initiatives include the operation of on-site RO plants, provision of safe drinking-water stations, and periodic water quality monitoring. These measures help ensure access to clean water for workers and neighbouring villages.

SDG 8 – Decent Work and Economic Growth

Decent work principles are embedded across operations through fair employment practices, compliance with national labour laws and ILO conventions, worker training programmes, and structured grievance redressal mechanisms. These practices support inclusive economic growth, workforce stability, and safe working conditions.

SDG 9 – Industry, Innovation and Infrastructure

PBG promotes safe and resilient industrial operations through investments in modern infrastructure and technology. This includes the use of advanced cranes and mechanised equipment, development of impermeable flooring and drainage systems, and adoption of digital tools such as inventory tracking, Digital Workforce Safety and Access System, and monitoring systems to enhance safety and efficiency.

SDG 10 – Reduced Inequalities

An inclusive workplace culture is fostered through equal-opportunity policies, non-discrimination practices, and respect for diversity. Training and awareness initiatives support fairness, dignity, and equitable treatment across the workforce.

SDG 11 – Sustainable Cities and Communities

PBG contributes to community resilience through local hiring, community health initiatives, educational support, and CSR projects such as waste management, drinking-water infrastructure, and street lighting in nearby villages. These efforts strengthen social infrastructure and local well-being.

SDG 12 – Responsible Consumption and Production

Circular economy principles are central to PBG's operations and very raison d'être. High recovery rates of materials, refurbishment and reuse of equipment, safe handling of hazardous materials, and responsible disposal of non-recyclable waste are implemented in alignment with international standards such as the Hong Kong Convention and ISO 30000. Material recovery and waste tracking systems support resource efficiency and pollution prevention.





SDG 13 – Climate Action

PBG is taking steps to understand and manage its climate impacts through energy efficiency initiatives, adoption of cleaner energy sources such as solar lighting and PNG, and greenhouse gas emissions accounting for Scope 1 and Scope 2 emissions. These efforts contribute to reducing PBG's carbon footprint over time.

SDG 14 – Life Below Water

Protection of the marine environment is a critical priority for us. Operations are conducted in compliance with the Hong Kong Convention and EU Ship Recycling Regulations, supported by impermeable flooring, controlled drainage systems, and strict pollution prevention measures to safeguard coastal and marine ecosystems.

SDG 15 – Life on Land

PBG supports land and ecosystem protection through on-site greening initiatives, tree plantation activities, and community infrastructure projects that contribute to improved local environmental conditions.

SDG 17 – Partnerships for the Goals

PBG actively collaborates with global and industry partners to advance sustainable practices. Membership in the United Nations Global Compact, engagement with the Sustainable Shipping Initiative, and certifications from recognised classification societies support collective action towards sustainable development.

Commitment Going Forward

PBG will continue to strengthen its alignment with the SDGs by integrating sustainability considerations into decision-making, enhancing performance monitoring, and expanding partnerships that support responsible growth and positive societal impact.

4.4 Governance of Sustainability

Governance Oversight and Strategic Direction

PBG operates as a family-owned business, with the Board of Directors serving as the highest governance body responsible for strategic direction and oversight. Members of the owning family are represented on the Board and play an active role in guiding long-term strategic priorities and major capital investment decisions.

Operational governance and Sustainability Management are led by the Senior Management team, under the leadership of the Chief Operating Officer and supported by functional heads including the Global Sustainability Advisor. Senior Management in Alang-Sosiya is responsible for implementing sustainability initiatives, ensuring regulatory compliance, and managing environmental and social risks associated with ship recycling operations.

The Sustainability Strategy and associated policy framework are developed and implemented by Senior Management in conjunction with the Global Sustainability Advisor and are aligned with the overall business strategy. Performance against sustainability objectives, audit findings, and material ESG risks are periodically reviewed through structured Management Review Meetings and reported annually transparently and in accordance with external GRI standards. This annual Sustainable Development Report is externally assured, and the assurance statement included in the Report.

Particular emphasis is placed on compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships as well as all applicable Indian environmental, labour, and occupational health and safety regulations. Although PBG does not currently have independent directors or formally constituted board committees,

sustainability oversight is supported through defined internal governance mechanisms, including a Sustainability Committee that meets bi annually and reports to Senior Management. Key sustainability developments and strategic matters are escalated to the Board where and when required. Any urgent issues are escalated immediately without waiting for the next quarterly meeting.

The governance framework continues to evolve, with progressive formalisation of documentation, role clarity, and accountability mechanisms in line with organisational growth.

Nomination and Selection of the Highest Governance Body

The highest governance body of PBG is the Board of Directors. Members of the Board are appointed by the existing Board based on organisational requirements, leadership experience, and alignment with the Group's strategic priorities. As a family-owned business, Board composition includes representation from the owning family, with active involvement in strategic decision-making and oversight.



Sustainability Committee

Operational governance of sustainability is undertaken through a dedicated Sustainability Committee comprising:



The Committee meets on a bi annual basis and holds operational authority to oversee implementation of sustainability initiatives.



This structure ensures sustainability oversight is embedded within operational decision-making processes rather than functioning as a standalone advisory function.

Integrated Management System & Policy Framework

The yard operates under an Integrated Management System (IMS) that integrates environmental, occupational health and safety, and quality management requirements in line with ISO 9001, ISO 14001, and ISO 45001, which provides the structural foundation for sustainability governance. The IMS is supported by a comprehensive suite of policies that define accountability, compliance expectations, and operational controls across environmental, social and governance domains.

The management system aligns with standards developed by the International Organization for Standardization and supports compliance with international maritime requirements and Indian statutory regulations.

Compliance is monitored through periodic internal audits, supplemented by independent third-party audits where applicable. Audit findings are formally documented, corrective actions are assigned to responsible personnel, and closure is tracked through the management review process.

Key Sustainability-Related Policies	
Policy	Focus Area
 Sustainability Policy	Overall sustainability direction and commitments
 Environmental Protection Policy	Environmental compliance and pollution prevention
 Health & Safety Management Policy	Occupational health and safety management
 Human Rights and Labour Policy	Worker rights and fair labour practices
 Anti-Corruption Policy	Ethics, integrity and anti-bribery
 Grievance Policy	Worker and stakeholder complaint mechanisms
 Whistleblower Protection Policy	Confidential reporting and protection
 Contractor Management Policy	Oversight of contractor compliance
 Supplier Code of Conduct	Responsible sourcing expectations



Risk Management and Compliance Oversight

Environmental, occupational health and safety, regulatory, and operational risks are integrated into a formal risk register. Risks are identified, assessed based on likelihood and impact, and monitored through defined mitigation measures.

Key compliance areas include hazardous material handling, wastewater treatment and discharge standards, air emission controls, soil and groundwater protection, and worker health and safety. Compliance performance is periodically reviewed to ensure alignment with statutory obligations and the regulatory framework established under the International Maritime Organization governing ship recycling activities.

This structured risk governance approach enables proactive management of operational risks inherent to ship recycling and supports regulatory adherence.

Performance Monitoring

Sustainability performance is monitored through defined Environmental, Social and Governance (ESG) indicators aligned with operational priorities and compliance requirements. Performance is reviewed quarterly by the Sustainability Committee and escalated to the Board where necessary.

Environmental KPIs

- Hazardous Waste treatment Rate (%)
- Recycling & Material Recovery Efficiency (%)
- Energy Consumption Intensity (MJ/LDT)
- GHG Emissions Intensity – Scope 1 & 2 (tCO₂e/LDT)
- Air Emissions Compliance (%)
- Soil & Groundwater Contamination Events (Number)
- Wastewater Treatment Compliance (%)
- Hazardous Waste Storage Compliance (%)

Governance KPIs

- Regulatory Compliance (%)
- Audit Findings Closure (%)
- Certifications Maintained (%)
- Anti-Corruption Training Coverage (%)
- ESG Reporting Transparency (Yes/No)



Social KPIs

- Lost Time Injury Frequency Rate (LTIFR)
- Total Recordable Case Frequency Incident Rate (TRCFIR)
- Safety Training Completion (%)
- Worker Health Screening Coverage (%)
- Worker Satisfaction Index
- Grievances Addressed within Timeline (%)
- Worker Retention Rate (%)
- Community Engagement Events (Number)



Capital Investment in Sustainability

Sustainability governance is reinforced through capital allocation decisions. Investments undertaken to strengthen environmental and social performance include impermeable flooring and drainage systems to prevent soil and groundwater contamination, installation of a Sewage Treatment Plant (STP), improved worker accommodation facilities, plantation and greenbelt development, and voluntary CSR and community engagement initiatives.

These investments reflect integration of sustainability considerations into infrastructure planning and operational development.

Continuous Improvement

As this is PBG's first Sustainability Report, our governance systems continue to evolve. PBG remains committed to strengthening oversight mechanisms, refining KPI tracking methodologies, and enhancing transparency in future reporting cycles. The external Sustainability Report Assurance Process will be an important part of the oversight mechanisms.

Continuous improvement in sustainability governance remains central to maintaining regulatory compliance, operational resilience, and stakeholder confidence.

5. Environmental Stewardship

5.1 Environmental Policy and Objectives

Environmental Policy and Governance

PBG operates under a formal Environmental Management and Protection Policy that guides environmentally responsible ship recycling operations. The policy establishes commitments to pollution prevention, protection of land, air, water, and marine ecosystems, regulatory compliance, and continual improvement in environmental performance.

Environmental management is implemented through a certified Environmental Management System (EMS) aligned with ISO 14001, covering operations across all active yards. The EMS provides a structured framework for identifying environmental risks, implementing operational controls, monitoring performance, and ensuring compliance with statutory and international requirements.



Oversight of environmental performance rests with Senior Management. The Chief Operating Officer, supported by the HSE Department and functional heads, is responsible for implementation and review. Environmental performance, audit findings, and compliance status are evaluated during semi-annual Management Review Meetings, ensuring that environmental risks remain integrated into strategic and operational decision-making.

Risk Identification and Regulatory Compliance

Environmental risks arising from ship recycling activities are identified and assessed through a documented Environmental Aspects and Impacts Register. Operational activities are evaluated based on severity of impact, likelihood, regulatory exposure, and environmental sensitivity. The register is reviewed annually and updated when material operational changes occur.

A structured Legal Compliance Register is maintained by the HSE Department to track applicable environmental legislation, consent conditions, and regulatory obligations. Compliance evaluations are conducted quarterly, and findings are escalated to Senior Management where necessary.

Operational Controls and Pollution Prevention

Environmentally sensitive activities are governed by documented Standard Operating Procedures covering hazardous waste handling, oil spill prevention and response, bilge and ballast water management, asbestos removal, and storage and disposal of contaminated materials. These procedures define responsibilities at operational levels and are periodically reviewed to ensure effectiveness and are detailed in the SRFP.

PBG prioritises prevention of oil spills, leaks, and uncontrolled discharges of Substances Hazardous to the Marine Environment, alongside responsible segregation, storage, and disposal of hazardous and non-hazardous wastes in accordance with statutory requirements.

Environmental Monitoring and Performance Review

Environmental monitoring is conducted annually through accredited external laboratories. Parameters assessed include ambient air quality, noise levels, marine and groundwater quality, and soil quality. Monitoring results are reviewed by the HSE Department and presented to Senior Management as part of the performance evaluation process.

Internal EMS audits are conducted semi-annually by certified auditors, and externally annually to assess conformity with ISO 14001 requirements and internal controls. Identified non-conformities are recorded in a Corrective and Preventive Action (CAPA) register, with root cause analysis undertaken for significant issues and actions tracked to closure.

Emergency Preparedness and Continuous Improvement

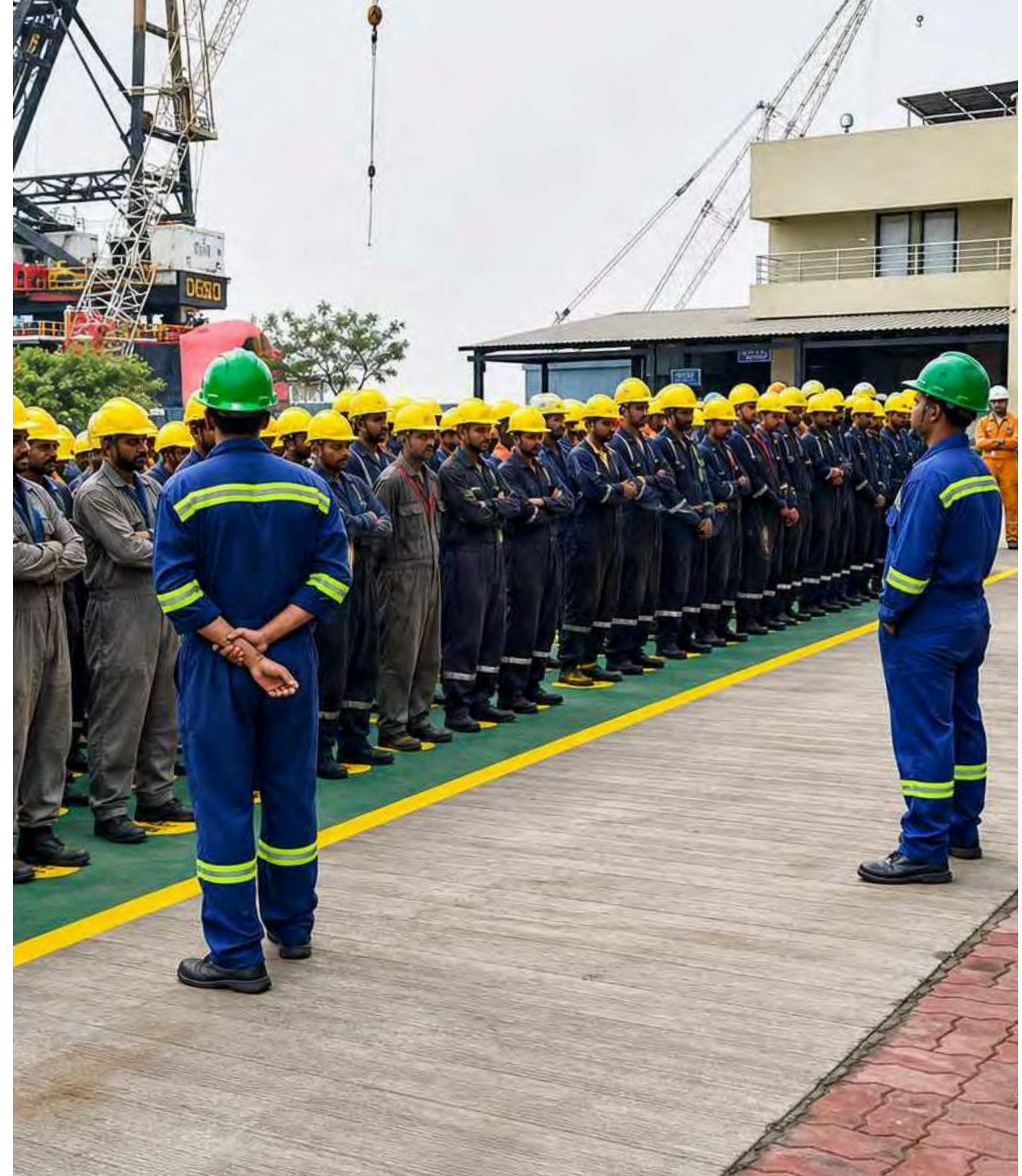
Emergency response procedures are established to manage environmental incidents, including oil spills and accidental releases. Mock drills are conducted periodically to test preparedness and coordination.

Environmental objectives and targets are reviewed periodically during Management Review Meetings. Performance trends, audit findings, and regulatory developments inform improvement initiatives aimed at strengthening environmental safeguards and operational resilience.

5.2 Energy Consumption and Efficiency

Energy Management Approach

PBG recognises the importance of responsible energy management as part of its broader environmental stewardship and operational efficiency efforts. Energy is required to support various operational activities across the ship recycling yards, associated office facilities, and the Priya Blue residents colony. PBG therefore places emphasis on monitoring and managing energy consumption to ensure efficient utilisation of resources.





Energy use across operations is tracked through periodic review of fuel consumption records, electricity bills, and operational logs. This enables PBG to maintain visibility over energy consumption patterns across its facilities and identify opportunities for improving efficiency in day-to-day operations.

PBG adopts a practical approach to energy management by encouraging responsible use of energy resources, optimising the operation of equipment and machinery, and exploring opportunities to integrate cleaner energy sources where feasible. Operational teams are encouraged to maintain equipment in good working condition and ensure that energy-consuming machinery is used efficiently to minimise unnecessary fuel or electricity consumption.

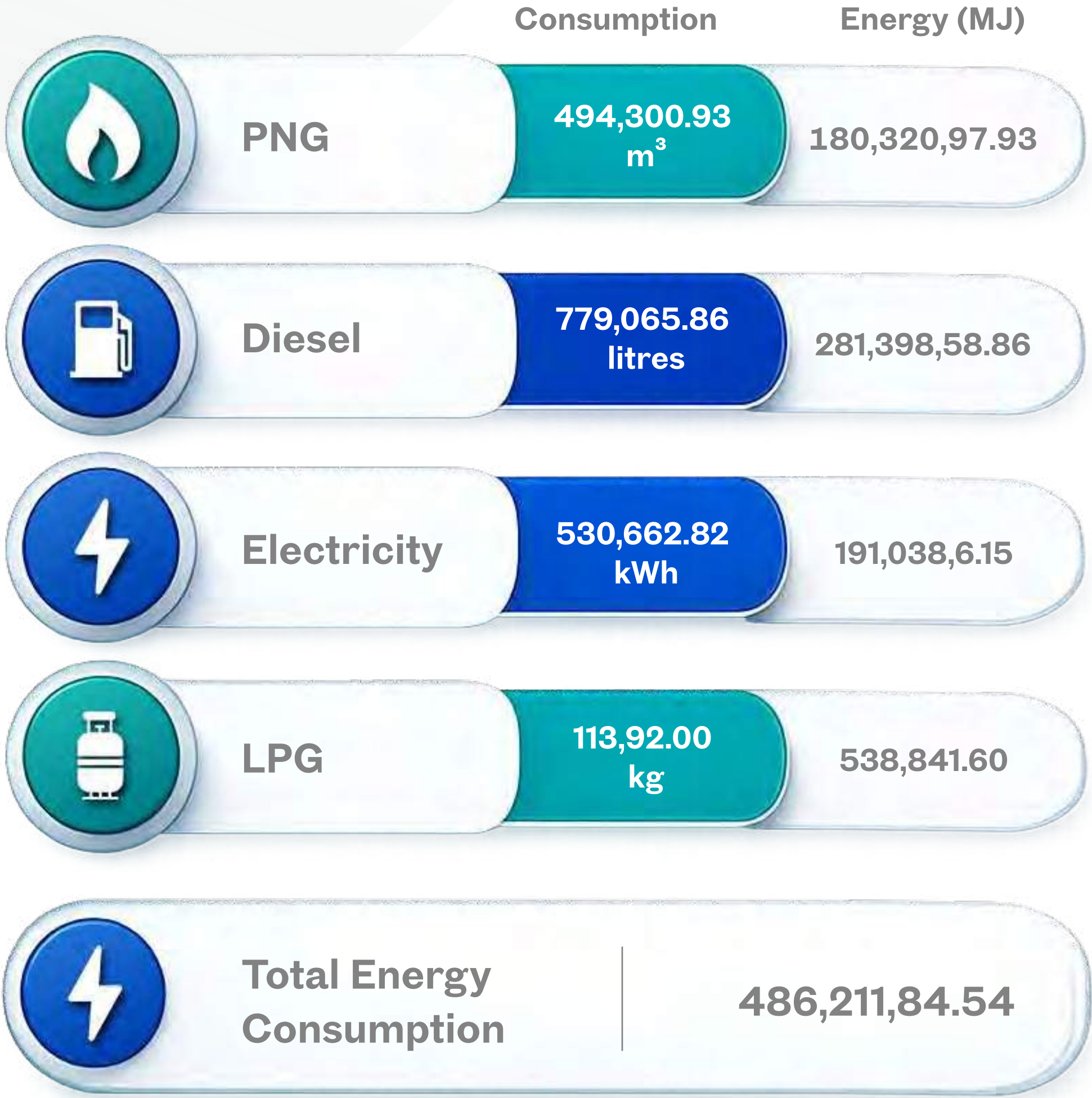
In addition, PBG continues to evaluate opportunities for improving energy efficiency and reducing the environmental footprint of its operations through initiatives such as the adoption of cleaner fuel alternatives and the integration of renewable energy sources within its facilities. These efforts contribute to supporting PBG's commitment to responsible and sustainable operations.

Energy Consumption Boundary

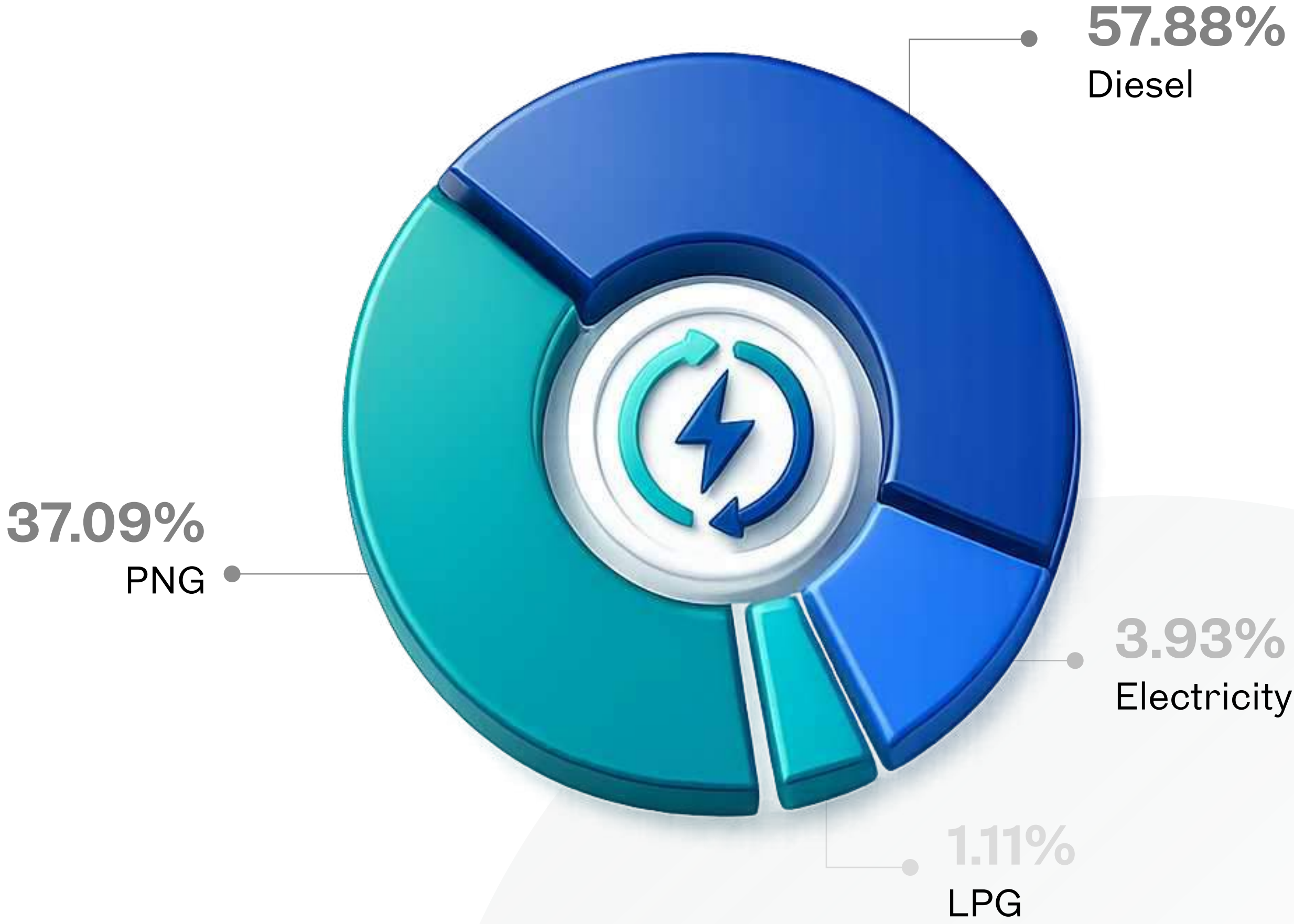
The energy consumption data reported in this section covers all facilities and operations under PBG's operational control during the reporting year. The reporting boundary includes energy used across PBG's three ship recycling yards—V1, V2, and 169M— where dismantling, material handling, and associated operational activities take place.

In addition to yard operations, the boundary also includes office facilities and operational support infrastructure, as well as the Priya Blue residents colony, which provides residential accommodation and associated amenities for employees and workers. Energy consumed within these facilities, including electricity and fuel used for operational and support activities, has been considered within the scope of this section. By defining a clear boundary for energy consumption, PBG ensures that energy use across its operational sites and supporting facilities is systematically monitored and reported, enabling better understanding and management of overall energy performance.

Total Energy Consumption (2025)



Energy Mix



PBG's energy consumption is primarily driven by diesel used in operational equipment and machinery across the ship recycling yards. PNG used for gas cutting operations represents the second largest share of energy consumption. Electricity consumption across the yards and associated facilities constitutes a relatively smaller share of total energy use, while LPG consumption has significantly reduced following the transition to PNG.

Renewable Energy Contribution

Renewable Energy Generation and Grid Contribution

PBG has installed onsite solar photovoltaic systems across its operational facilities to support the transition towards cleaner energy sources. These solar installations are connected through a net-metering arrangement, enabling PBG to utilise solar electricity for internal consumption while exporting surplus generation to the grid.

The solar systems are installed across operational locations including V1 yard, V2 yard, V1 backyard facilities, and the Priya Blue labour residents colony, supporting electricity demand for operational activities and supporting infrastructure.

During the reporting year, the solar installations collectively generated approximately 371,419 kWh of renewable electricity.

Out of the total solar electricity generated:

- 216,270 kWh was utilised internally across PBG's facilities.
- 155,149 kWh of surplus renewable electricity was exported back to the grid.



Total electricity consumption across the facilities during the reporting period was 519,634 kWh, of which solar power contributed approximately 41.6% of the total electricity consumed.

This integration of onsite renewable energy significantly reduces dependence on grid electricity and contributes to lowering the carbon footprint associated with electricity consumption.

PBG currently operates approximately 324 KW of installed solar capacity across its facilities and continues to explore opportunities for expanding renewable energy adoption in line with its environmental stewardship commitments.

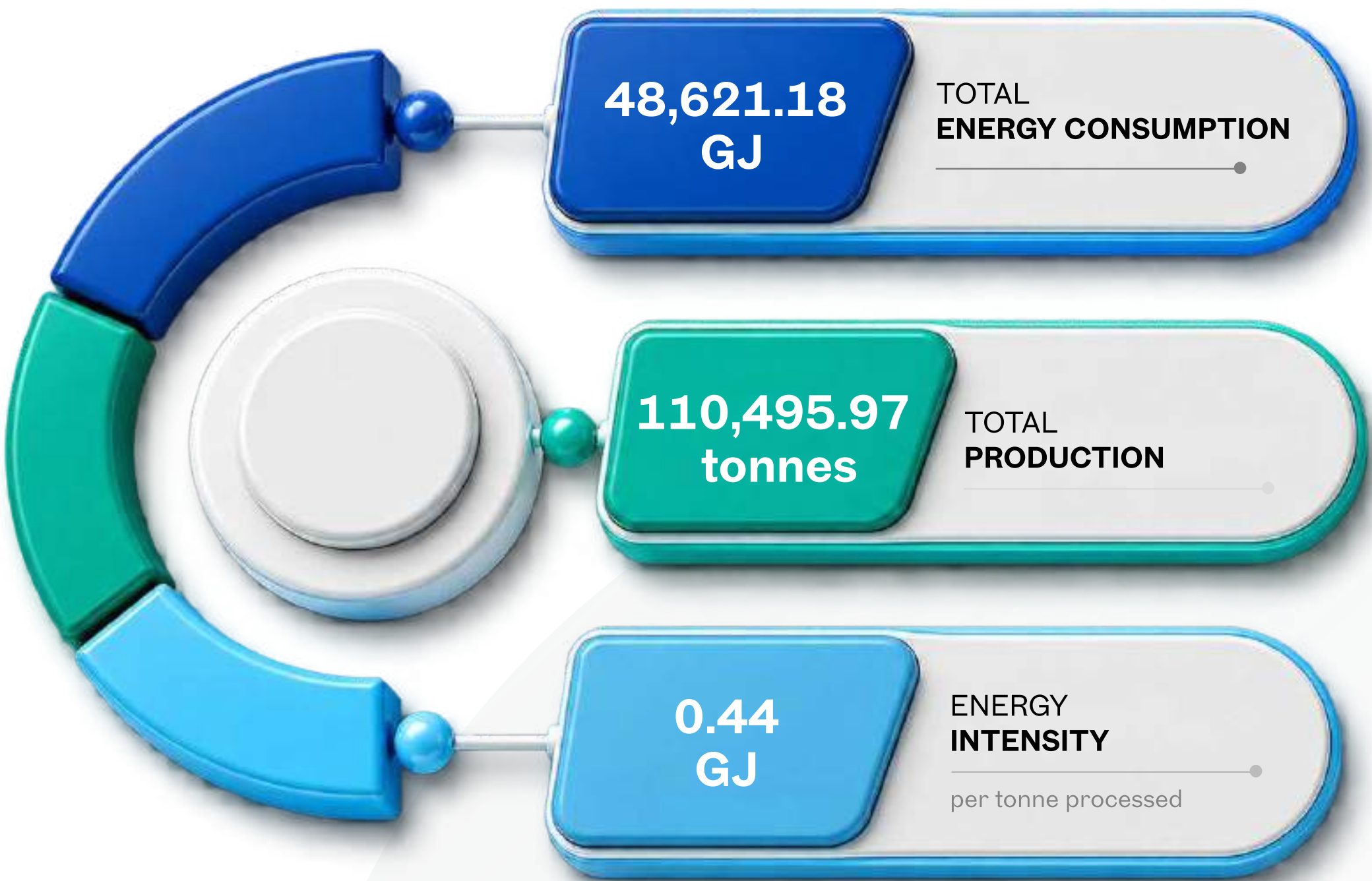
Key Renewable Energy Indicators



Energy Intensity

To assess energy efficiency relative to operational output, PBG monitors energy intensity, which represents the amount of energy consumed per tonne of material processed.

During the reporting year 2025, total energy consumption across all facilities was approximately 4,89,60,032.34 MJ, while total production amounted to 110,495.97 tonnes.



Tracking energy intensity helps PBG evaluate energy performance and identify opportunities for improving operational efficiency over time. This will be reported in future SD reports.

5.3 Greenhouse Gas (GHG) Emissions – Scope 1, 2 & 3

PBG measures and reports its greenhouse gas (GHG) emissions in accordance with the methodology prescribed under the **Greenhouse Gas Protocol**, aligned with the disclosure requirements of **Global Reporting Initiative Standard 305: Emissions**. The GHG inventory for the reporting year **2025** has been prepared using the **operational control approach**, covering all facilities and activities under PBG's operational control.

The reporting boundary includes **three ship recycling yards (V1, V2 and 169M)**, along with associated **office facilities, operational support functions, and the Priya Blue residents colony**, which supports employee accommodation and related operational activities.

The year 2025 serves as the baseline year for consolidated emissions reporting across all three SRF. Emissions are disclosed both in absolute terms and through intensity metrics, such as emissions per LDT processed, to provide operational context and enable performance benchmarking. Based on the 2025 baseline assessment, emission reduction targets have been formally established for 2026, marking the transition from measurement and inventory development to structured carbon management and performance improvement.

Emission calculations are based on activity data collected from operational records and fuel consumption logs. Relevant emission factors were sourced from recognised databases including **IPCC**, **DEFRA**, and the **Central Electricity Authority (CEA) of India** for grid electricity emissions. Emissions were calculated by multiplying activity data such as fuel consumption and electricity consumption with their corresponding emission factors.



GHG Emissions Summary (2025)



Scope 1 emissions account for the majority of PBG’s total greenhouse gas emissions, while Scope 2 emissions represent a comparatively smaller share arising from purchased electricity consumption.





Scope 1 Emissions

Scope 1 emissions include direct greenhouse gas emissions from sources owned or controlled by PBG. These emissions primarily arise from the combustion of fuels used in operational equipment and gas cutting activities across the ship recycling yards.

Key emission sources include diesel used in generators and material-handling equipment such as cranes, as well as **Piped Natural Gas (PNG)** used for gas cutting operations. Mobile equipment operating within the yard premises is also included within the Scope 1 boundary. No process-related emissions were identified during the reporting year.

For the reporting year **2025**, total Scope 1 emissions across the three yards amounted to **3,516.39 tCO₂e**. Yard-wise emissions were **996.88 tCO₂e for V1**, **1,594.32 tCO₂e for V2**, and **925.19 tCO₂e for yard 169M**. These emissions are primarily associated with fuel consumption required to support core operational activities and equipment used in dismantling and material handling processes.

Scope 2 Emissions

Scope 2 emissions represent indirect emissions associated with the consumption of purchased electricity used in yard operations, office facilities, and supporting infrastructure. Electricity used across the facilities is sourced from the regional power grid as well as from onsite **solar power installations**, which contribute to reducing dependence on grid electricity.

Grid electricity emissions were calculated using the emission factors published by the Central Electricity Authority (CEA) of India. Electricity generated through onsite solar installations contributes to lowering the overall carbon footprint of electricity consumption.

During the reporting year, total Scope 2 emissions across the three operational yards amounted to **223.22 tCO₂e**. Of this, **54.48 tCO₂e** was attributed to yard 169M, **120.44 tCO₂e** to yard V2, and **48.30 tCO₂e** to yard V1.

Ship recycling is fundamentally a material recovery activity that contributes to the circular economy by enabling the reuse of valuable metals and components. Unlike primary metal production processes that involve energy-intensive extraction and high-temperature manufacturing, ship recycling operations primarily focus on dismantling and material recovery. As a result, the operational emissions associated with recycling activities are generally lower than those associated with primary material production, while also supporting resource efficiency by returning materials such as steel to the production cycle.

Emission Reduction Initiative: Transition from LPG to PNG

As part of its commitment to reducing operational emissions and improving energy efficiency, PBG transitioned from **Liquefied Petroleum Gas (LPG)** to **Piped Natural Gas (PNG)** for gas cutting operations across its ship recycling yards. This transition was initiated in **2023**.

PNG is approximately **12–13% less emission-intensive than LPG** for equivalent energy use. Through the adoption of PNG across its yards, PBG has reduced the carbon intensity of cutting operations while maintaining operational efficiency.

Since the implementation of the LPG-to-PNG transition in 2023, PBG has continued to reduce its greenhouse gas emissions through cleaner fuel adoption. During FY 2025, the transition resulted in avoided emissions of approximately **147.37 tCO₂e**. Based on this annual performance, the cumulative avoided emissions since the transition are **estimated at approximately 442.10 tCO₂e** over the three-year period, demonstrating PBG's continued efforts to optimise operational practices and reduce its greenhouse gas footprint.





5.4 Water and Effluent Management

Water consumption is not a material aspect of PBG's operations, as ship recycling activities do not require significant freshwater inputs for core processes. Water use is limited to ancillary activities such as cleaning and general facility use.

However, the management of wastewater represents an important environmental consideration. Wastewater generated at the facility primarily consists of bilge water, oily water from block cleaning, and contaminated runoff from operational areas. These streams may contain oil residues and other contaminants and are therefore treated as environmentally sensitive.

All such wastewater is collected, segregated, and transferred to authorised Treatment, Storage and Disposal Facilities (TSDF) for treatment through approved Effluent Treatment Plant (ETP) systems, in accordance with applicable regulatory requirements. Records of wastewater quantities are maintained through tanker receipts and statutory documentation.

During the reporting period, total wastewater handled was approximately 288.96 MT, comprising predominantly oily and contaminated streams. No direct discharge of untreated wastewater into the environment is undertaken.

While wastewater quantities are tracked, comprehensive measurement of total water withdrawal and consumption is currently limited. PBG is working to strengthen its data management systems to enable more complete water accounting in future reporting cycles.

5.5 Waste Management and Circularity (Material Circularity Index / Circularity Score)

The Priya Blue Group is committed to maximising material recovery and advancing circular economy principles within ship recycling operations. In addition to tracking waste segregation and disposal, a Ship **Recycling Circularity Index (SRCI)** has been developed to quantify material recovery performance in a structured and measurable manner. The metric reflects the proportion of inbound vessel mass that is effectively recovered through recycling and direct reuse, adjusted for material quality considerations.

For assessment purposes, inbound mass represents the total Light Displacement Tonnage (LDT) of a beached vessel. Recovered materials are categorised into recycling streams (ferrous and non-ferrous metals), reuse streams (machinery, electrical and electronic equipment, and joinery items), and waste streams (plastics, insulation, mineral residues and miscellaneous materials). Only recycling and reuse streams contribute positively to the circularity score

To ensure conservative reporting, a **4% contamination penalty** is applied to recycled material to account for impurities such as paint residues, insulation fragments, rubber components and other debris that may affect scrap quality. This assumption is based on industry observations and reflects upstream dismantling operations at the yard level. The contamination adjustment is treated transparently as an assumption and will be refined as more detailed mass-balance data become available.

Recognising that direct reuse retains higher embedded value than recycling, a **reuse multiplier** is applied to reuse streams to reflect the additional lifecycle benefit associated with avoiding remelting and re-manufacturing processes. A blended factor within the 30– 60% lifecycle benefit range has been adopted for reporting purposes.





Based on this methodology, a representative vessel of 10,000 tonnes LDT yields a Circularity Score of **95.83%**, demonstrating a high level of material recovery and value retention. The Circularity Score serves as an internally developed performance indicator for monitoring and improving material efficiency across operations. It is intended for year- on-year benchmarking within PBG and is not directly comparable to externally standardised circularity indices.

Waste Management & Disposal Performance

Section Objective and Reporting Boundary

The operational boundary for waste management covers all activities related to ship recycling operations at the Alang ship recycling yards. This includes waste generated during ship cutting, dismantling, cleaning, material handling, storage, and associated yard operations.

Both **solid and liquid waste streams** are covered, encompassing **hazardous and non- hazardous wastes** arising from routine operational processes, maintenance activities, and environmental control measures.

The reporting period corresponds to the operational timeframe for which verified waste manifests and disposal records are available, as defined within this sustainability reporting cycle. Only waste streams that were **physically generated and formally recorded during the reporting period** are included. Legacy waste, historical contamination, or third-party waste not generated through the yard's operations have been explicitly excluded to avoid misrepresentation.

The **basis of reporting** is grounded in primary, verifiable documentation. Waste quantities are compiled from **actual waste manifests**, supported by **authorised disposal and recycling records** issued by approved vendors, recyclers, ETP operators, and TSDF facilities. No estimates, projections, or proxy calculations have been used for waste quantities; the data reflect **reported and traceable movements of waste** from generation to final treatment or disposal.

All practices and classifications are aligned with applicable **Indian regulatory frameworks**, including but not limited to the **Hazardous and Other Wastes (Management and Transboundary Movement) Rules, Solid Waste Management Rules, Plastic Waste Management Rules, E-Waste Rules, Battery Waste Management Rules**, and **ODS Rules**, as relevant to specific waste streams. Disposal routes have been selected strictly based on regulatory permissibility and authorisation status of receiving facilities, rather than on preference or reporting optics.

Waste Classification Framework

Waste generated at the ship recycling yard is classified using the **manifest-based waste classification system prescribed by the Gujarat Maritime Board (GMB)**. All waste streams are identified, recorded, and tracked through GMB waste manifests at the point of generation, forming the regulatory basis for segregation, storage, transportation, and final treatment or disposal. This ensures that waste classification is **standardised, regulator-recognised, and traceable**, rather than subjective or retrospectively defined for reporting purposes.



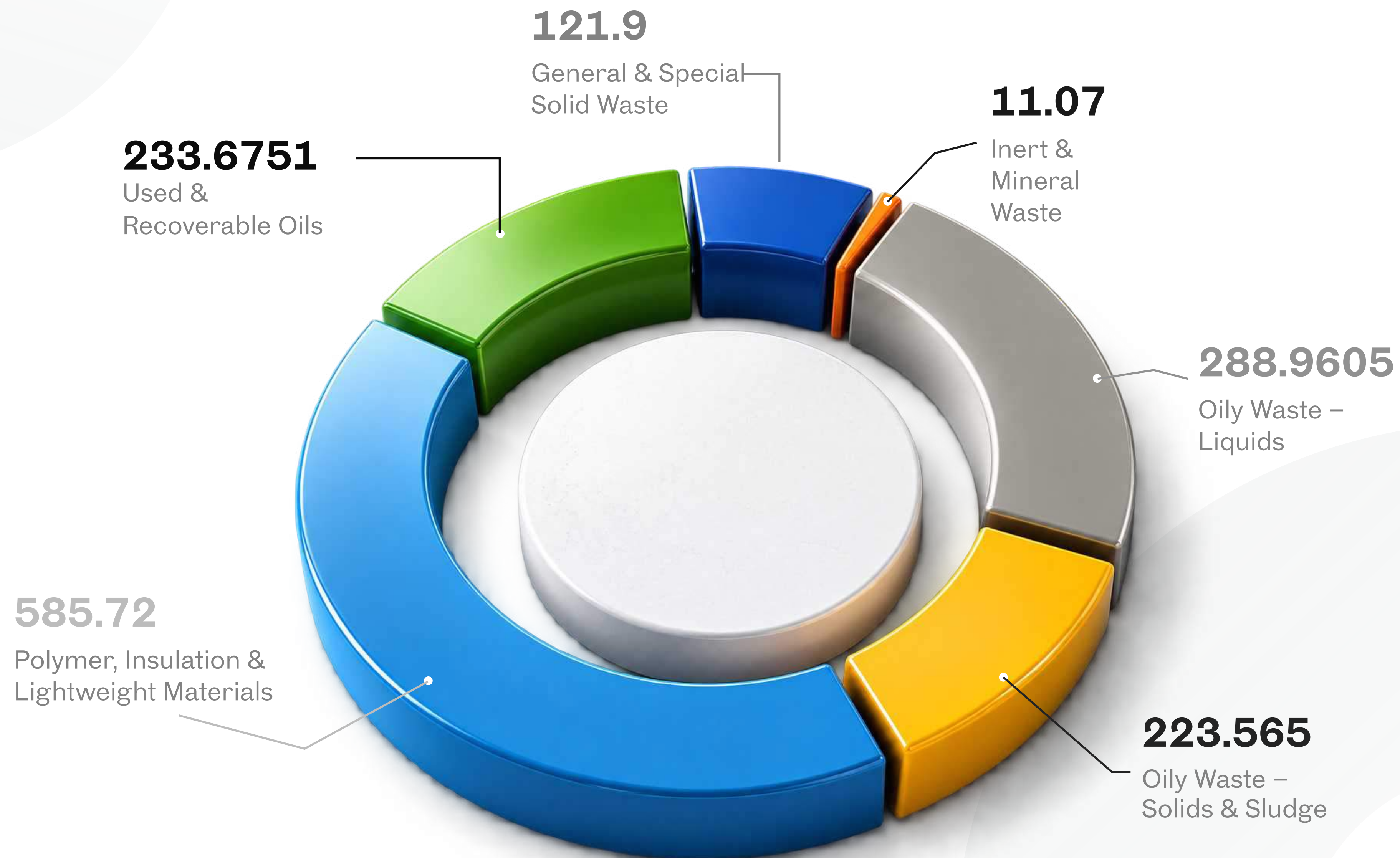
To enable meaningful analysis and consolidated sustainability reporting, individual waste descriptions recorded in GMB manifests are further **grouped internally into standardised waste streams**. This secondary classification is carried out strictly for reporting and performance assessment and does not override or dilute the regulatory classification defined under the manifest system. The grouping is based on the **physical nature of the waste, contamination characteristics, and treatment or disposal requirements**, allowing consistent aggregation across ships and reporting periods.

The classified waste streams broadly cover general and special solid wastes, inert and mineral wastes, oily wastes in liquid and solid or sludge form, polymer and insulation materials, and used or recoverable oils. This structured approach ensures that waste quantities disclosed in subsequent sections are **comparable, technically coherent, and regulatorily defensible**, while retaining full traceability to the original GMB manifests.

Waste Stream Classification Table



Waste Generation Profile – Composition by Weight (MT)



The overall waste generation profile indicates that waste arising from ship recycling operations is concentrated across a limited number of material streams, reflecting the inherent material composition of vessels and the dismantling processes undertaken. Total waste generated during the reporting period amounted to approximately 1,464.9 tonnes.

Polymer, insulation and lightweight materials constitute the largest share of total waste generated, accounting for approximately **40.0%** of overall waste. This is attributable to the widespread use of insulation materials, glasswool, plastics, rubber and lightweight composites within ship structures, which are systematically removed during cutting and dismantling operations.

Oily waste streams represent the next major contributors. Oily waste (liquids) account for approximately **19.7%**, while oily waste (solids and sludge) contribute **15.3%** of total waste. Although collectively lower in volume than polymer and insulation waste, these streams are hazard-intensive and drive regulatory compliance, treatment requirements and environmental risk management due to potential oil contamination and associated hazardous characteristics.

Used and recoverable oils constitute approximately **16.0%** of total waste generated, reflecting material streams that are suitable for authorised recovery and recycling through approved re-refining pathways.

General and special solid waste contributes **8.3%**, while inert and mineral waste remains minimal at **0.8%**, indicating limited generation of construction-related or inert debris within core dismantling operations.

Overall, the waste composition demonstrates that volume-intensive waste streams and hazard-intensive waste streams differ in nature, necessitating differentiated management strategies aligned with both material volumes and associated environmental risk profiles.





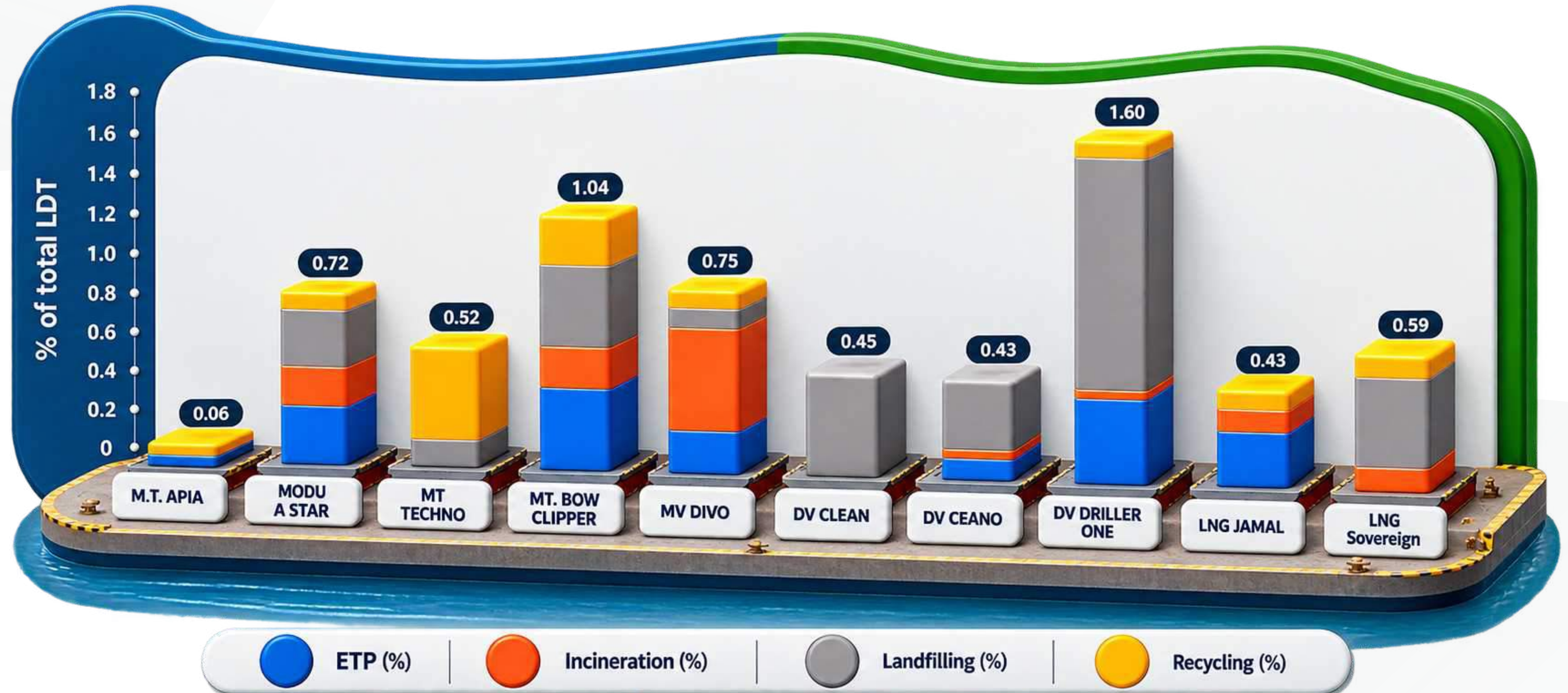
Hazardous vs Non-Hazardous Waste Profile

The hazardous–non-hazardous split shows that risk is concentrated in specific waste streams rather than aligned with total waste volumes. Oily waste streams, including oily liquids and oily solids or sludge, are predominantly hazardous due to oil contamination arising from bilge handling, cleaning, and dismantling operations. These wastes drive the highest regulatory and environmental risk despite representing a smaller share of total volume.

Used and recoverable oils are also largely hazardous, requiring strict control and authorised recovery pathways. In contrast, polymer, insulation and lightweight materials, while dominant by volume, are mostly non-hazardous and present logistical rather than hazard-related challenges. General and special solid waste includes both hazardous and non-hazardous components, whereas inert and mineral waste remains minimal and low risk.

Overall, the profile reinforces that hazardous waste drives compliance cost, liability, and ESG risk, even when non-hazardous waste dominates by mass.

Waste Management Outcomes



Waste quantities are expressed as a percentage of the total Light Displacement Tonnage (LDT) of the respective ship undergoing recycling.

Ship-wise Variability

Waste management disposal routes vary across ships due to differences in vessel type, operational history and stage of recycling during the reporting period. LNG tankers such as MT APIA, MT Techno and LNG Jamal were under active recycling during the year; consequently, their waste profiles primarily reflect ongoing dismantling activities. The disposal routes for these vessels are therefore concentrated in oily waste treatment, operational wastewater processing and initial insulation-related waste handling, rather than final-stage regulated disposal.

Offshore units and rigs, including A Star, DV Cean, DV Ceano and DV Driller One, exhibit higher volumes directed towards controlled destruction and regulated final disposal routes. This is attributable to their complex structural configurations, longer operational histories and greater accumulation of contaminated materials, insulation residues, sludge and oil-bearing waste generated over extended service periods. The nature of these materials necessitates incineration and authorised landfill pathways in compliance with regulatory requirements.

MV Divo, a fish factory vessel, presents a distinct disposal route profile characterised by a high share of controlled destruction. This reflects the extensive use of insulation and processing-related materials requiring incineration. In contrast, LNG Sovereign, whose recycling was completed within the reporting period, demonstrates a more comprehensive distribution across disposal routes, capturing the full spectrum of treatment, material recovery and regulated final disposal.



Management Strategy Implications

Higher volumes directed towards material recovery across several vessels indicate effective segregation and channelisation of recyclable waste streams, supporting circularity objectives. Conversely, elevated controlled destruction and regulated final disposal routes for certain ships reflect technical and regulatory imperatives associated with hazardous, contaminated or non-recyclable materials, rather than inefficiencies in waste management practices.

Overall, the ship-wise disposal routes demonstrate a risk-based and compliance-driven waste management strategy, where treatment and final disposal pathways are selected based on waste characteristics, vessel configuration and applicable regulatory standards. Transparent reporting of all disposal routes, including landfilling and incineration, ensures an accurate and balanced representation of operational realities within ship recycling activities.

Disposal Routes Analysis



The disposal route profile reflects a regulation-driven waste management approach, with disposal methods selected based on waste characteristics and statutory requirements. Landfilling and incineration are used as last-resort options for contaminated, non-recyclable, or regulated wastes where recovery is not technically or legally feasible.

ETP treatment is applied to liquid waste streams such as bilge water, oily water, and operational runoff in accordance with consent conditions. Recycling is prioritised for eligible waste streams, including used oils and other recoverable materials, where authorised pathways exist.

Overall, the disposal mix demonstrates that waste management decisions are compliance-led rather than optics-driven, with recycling pursued where feasible and regulated disposal adopted where mandated, avoiding forced or inappropriate recycling claims.

End-to-End Waste Flow (System View)



The waste flow diagram presents a system-level view of how each waste stream is managed from generation to final disposal, ensuring traceability across treatment stages without double counting.

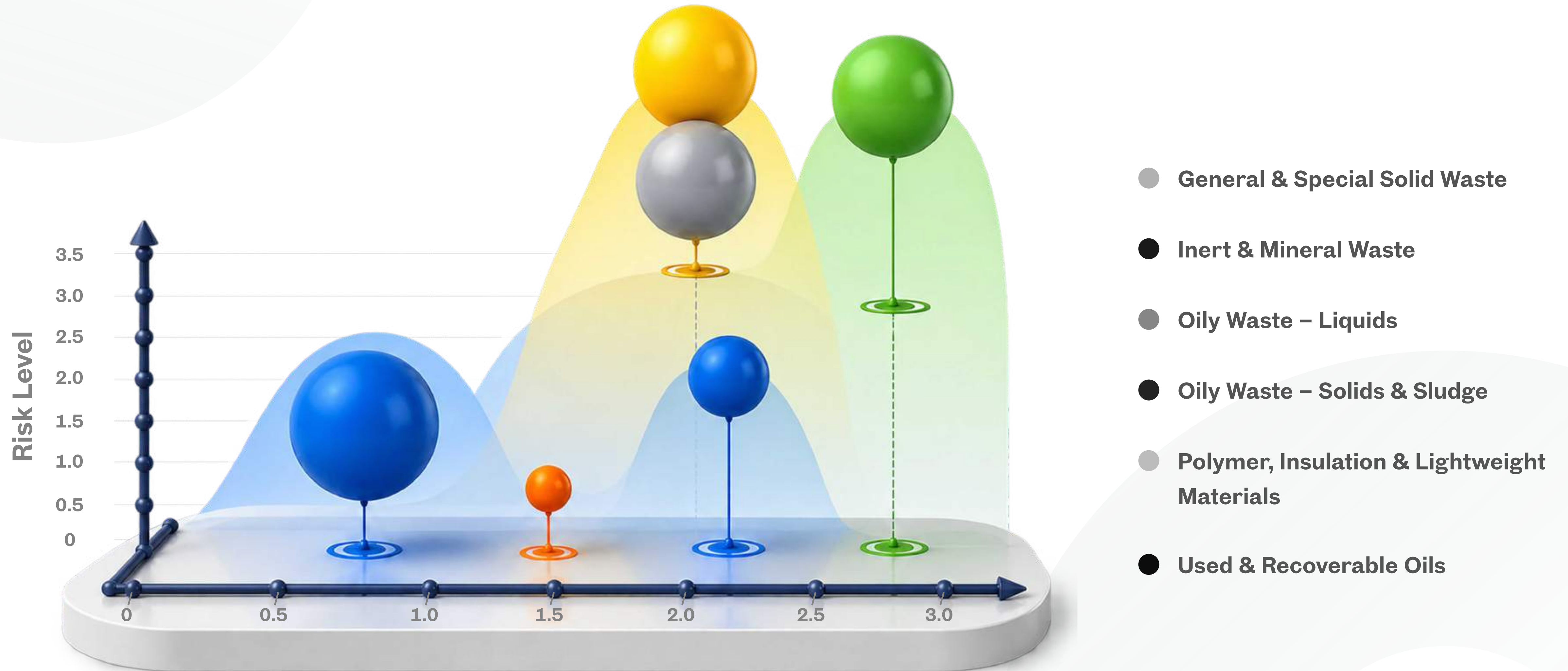
Used and recoverable oils are directed primarily towards material recovery, reflecting authorised recovery and re-refining pathways. Oily waste – liquids are routed through controlled treatment, with final handling through ETP systems, in line with regulatory requirements for liquid hazardous wastes.

Oily waste – solids and sludge, along with portions of general and special solid waste, flow predominantly towards controlled or regulated destruction, resulting in incineration or secured landfilling where recovery is not technically feasible. Polymer, insulation and lightweight materials are largely managed through regulated final disposal, reflecting the limited recovery options available for contaminated or composite insulation materials.

The diagram demonstrates a structured and traceable waste management system, where recovery is applied selectively to suitable waste streams and final disposal routes are used where mandated by waste characteristics and regulatory constraints.



Risk-Control Matrix





The risk-control matrix provides a governance-focused view of waste management, assessing waste streams based on their inherent environmental risk and the level of operational control in place, rather than on waste quantities.

High-risk, high-control waste streams, including oily waste (liquids), oily waste (solids and sludge), and used and recoverable oils, indicate a mature control framework. These wastes are managed through defined SOPs, authorised treatment and disposal vendors, strict manifest tracking, and higher monitoring frequency due to their hazardous nature. Polymer, insulation and lightweight materials present moderate risk with established controls, reflecting standardised handling and disposal practices aligned with regulatory requirements. General and special solid waste shows lower risk with routine controls in place, while inert and mineral waste remains low risk and low control intensity, consistent with its non-hazardous characteristics.

The matrix helps identify priority areas for ongoing oversight, ensuring that control efforts remain proportionate to risk exposure. This risk-based approach demonstrates operational risk intelligence, supporting effective governance and regulatory compliance across waste management activities.

5.6 Local Sustainable Plantation and Ecosystem Support

A dedicated plantation area of approximately 65,000 square metres has been developed adjacent to Priya Blue Township as part of PBG's ecosystem support efforts, contributing to overall green cover development in the township vicinity. The plantation consists of a diverse mix of fruit-bearing and native tree species, including mango, dragon fruit, guava, pomegranate, chickoo (sapota), coconut, neem, and peepal, along with multiple categories of seasonal vegetables cultivated across structured plots.

The mixed-species approach supports ecological balance by improving soil quality, enhancing green cover, and creating a more resilient micro-ecosystem within the township area. Native and fruit-bearing trees contribute to long-term carbon sequestration potential while also supporting local biodiversity.

Vegetables harvested from the plantation are directly utilised in the township canteen serving the workforce. This integration reduces dependence on external procurement, lowers transportation-related environmental impact, and ensures access to fresh produce for workers residing in the township. The initiative thereby strengthens internal food security while embedding circularity into township operations.

To ensure sustained productivity and proper maintenance, a dedicated farmer has been appointed along with a helper to manage irrigation, soil care, crop management, and harvesting activities. Structured oversight ensures that the plantation remains an ongoing ecological asset rather than a one-time plantation effort.

6. Social Responsibility

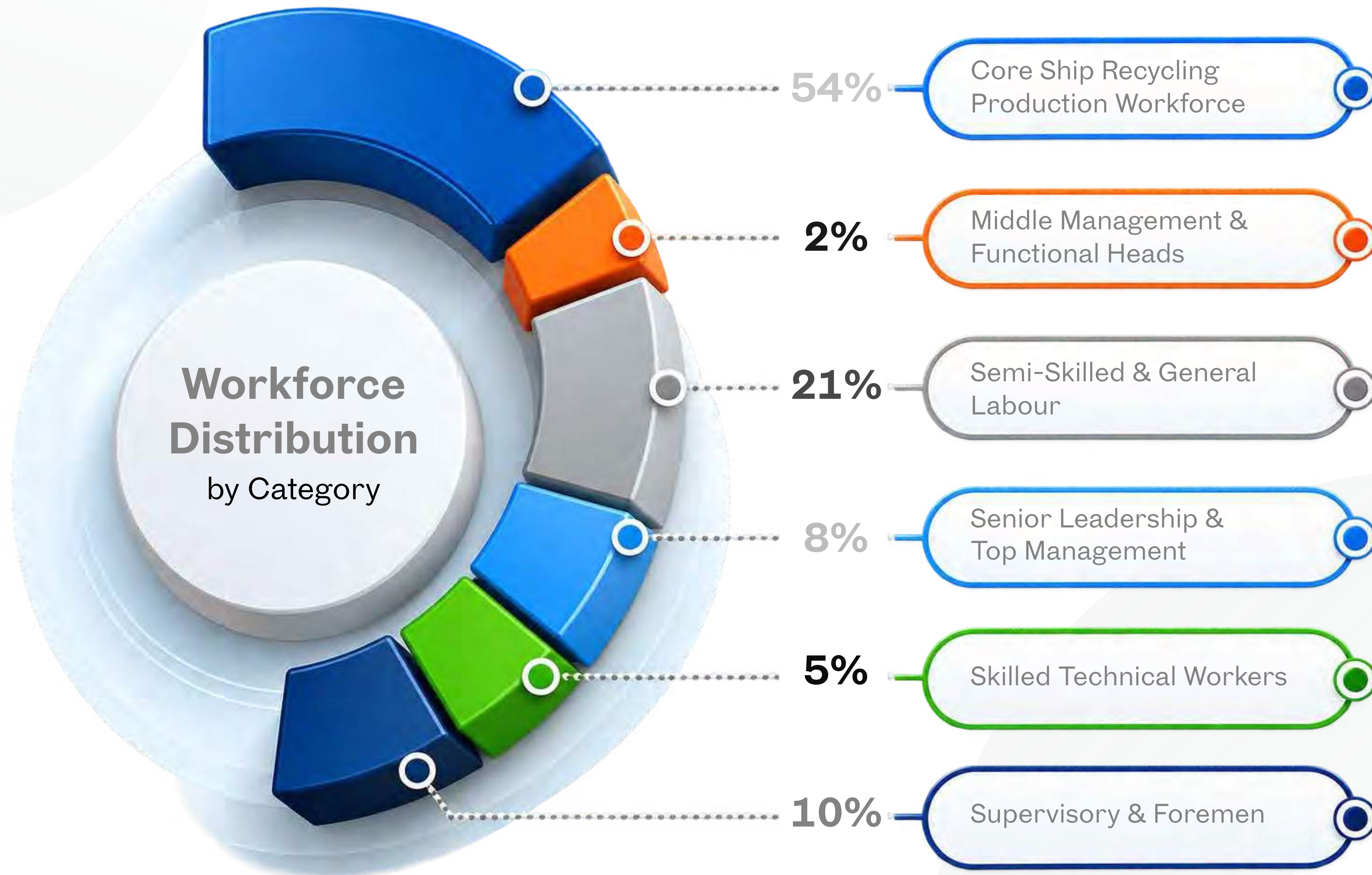
6.1 Workforce and Human Capital Development

6.1.1 Workforce Overview

As of the reporting period, the total workforce strength stood at 1,158 personnel deployed across three operational yards in the Alang–Sosiya ship recycling cluster: V1, V2 and 169M. As a labour-intensive and safety-critical industry, ship recycling operations depend heavily on workforce discipline, structured supervision and progressive skill development. The composition of the workforce reflects the operational intensity of the business.



A majority of employees, representing **54.2%** of the total workforce, are directly engaged in core ship recycling production activities. This is supported by **21.3%** of personnel classified as semi-skilled and general labour, and **7.9%** as skilled technical workers. Supervisory and foremen roles account for **4.7%**, while **10.0%** are engaged in support and ancillary services. Management layers comprise **1.5%** middle management and functional heads and **0.3%** senior leadership and Senior Management. This structured distribution ensures that dismantling operations, material segregation and hazardous handling are conducted under clearly defined functional responsibilities and supervision mechanisms.



Geographic Representation of Workforce

Although the facility operates in Gujarat, the workforce reflects broad regional representation. A significant proportion of employees originate from Gujarat, Uttar Pradesh and Jharkhand, followed by Bihar and Odisha, with additional representation from other Indian states. A small number of permanent employees are from Nepal.

This geographic diversity indicates that PBG contributes to employment generation beyond the immediate operational geography while also supporting economic activity within the Alang industrial ecosystem. The concentration from certain states reflects established skill migration patterns in heavy industrial sectors rather than short-term labour volatility.

Age Profile and Workforce Maturity

The age distribution of the workforce demonstrates operational maturity. The largest proportion of employees falls within the 29–50 year age bracket, followed by younger entrants aged 18–28 and experienced personnel above 50 years. This distribution reflects a balance between physical capability required for industrial work and accumulated field experience essential for safe dismantling operations.

The presence of experienced personnel in supervisory roles supports knowledge continuity, while younger employees enter through structured training pathways under guided supervision.

The workforce composition strictly adheres to applicable labour regulations, and the organisation maintains a **zero-tolerance policy towards child labour**. All employees are verified to be above the legally permitted working age prior to engagement, and age documentation is checked during recruitment to ensure full compliance with national labour laws and international responsible business standards.

Structured Supervision and Operational Control

All operational activities within the yard are governed by a defined supervision framework. No worker is permitted to operate independently. Work groups function under the oversight of Mukadams and Supervisors, maintaining an approximate supervision ratio of 1:10. Mukadams typically possess over two decades of experience in ship recycling and are further overseen by the Safety Department during yard operations. This layered governance mechanism ensures operational discipline, hazard identification and real-time safety monitoring, thereby strengthening workplace risk management systems.



6.1.2 Training and Human Capital Development (GRI 404)

Human capital development begins prior to operational deployment. All workers undergo mandatory pre-employment training conducted by the Gujarat Maritime Board (GMB). Only after successful completion of this training are individuals permitted to join on-site yard operations.

Upon induction, employees receive structured safety orientation and role-specific training. Inexperienced workers are not deployed directly on vessels; instead, they commence with basic tasks under senior supervision and progressively advance through guided exposure and skill development. This controlled progression framework ensures that competence is built systematically, reducing operational risk and strengthening workforce capability over time.

Workforce Stability

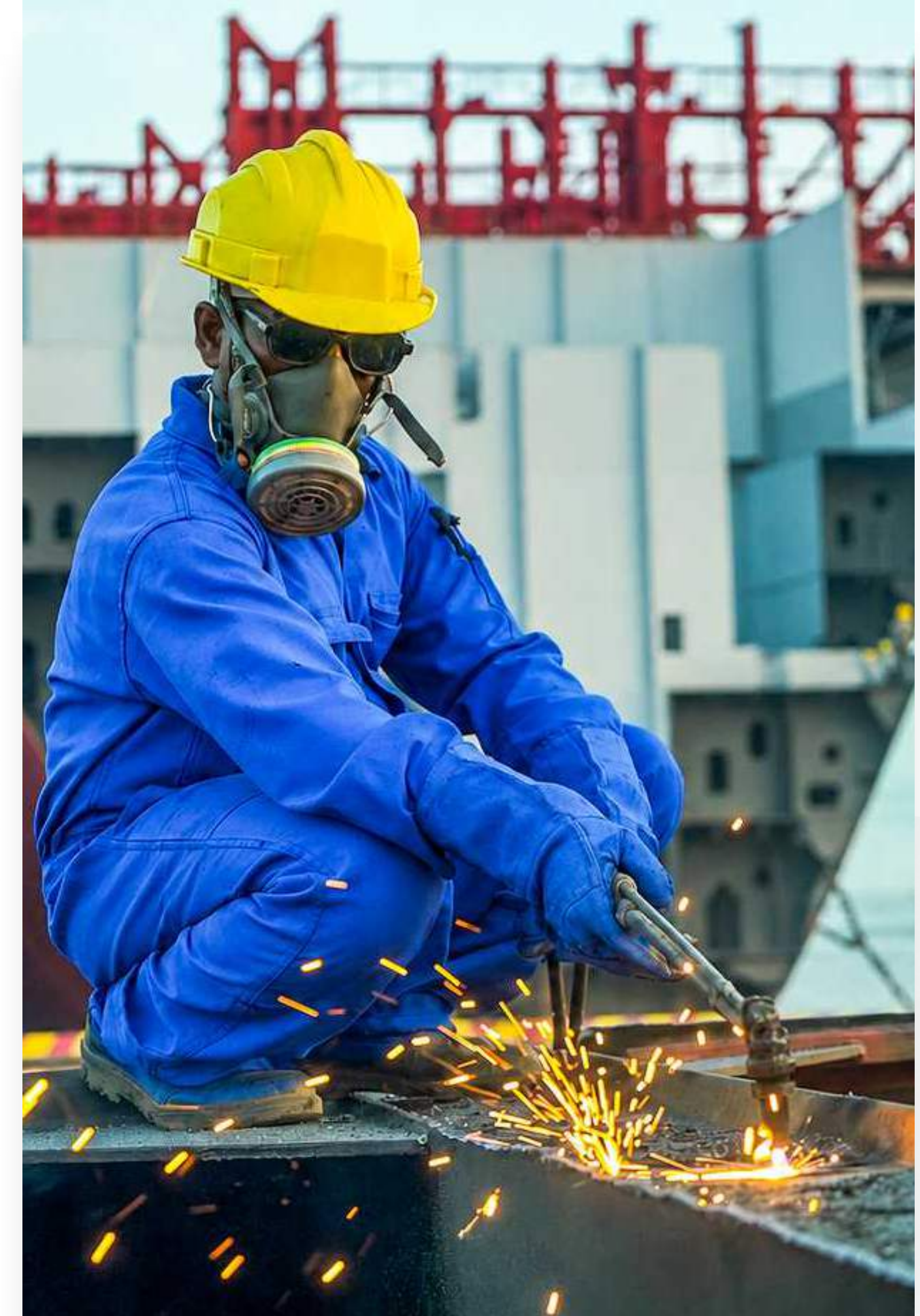
During the reporting period, PBG recorded a turnover rate of 6.99 per cent. Within the context of physically intensive industrial operations, this level of turnover indicates relative workforce stability and retention.

Yard-wise Deployment

Workforce allocation across the three operational plots reflects production intensity and operational scale, with V2 employing the highest proportion of personnel, followed by V1 and 169M.

Health, Safety and Well-being

Given the migrant-intensive nature of the ship recycling workforce, PBG has established a dedicated residential township, **Priya Blue City**, designed to accommodate over 1,000 workers at a time. The township includes shared accommodation as well as designated family quarters for employees who opt to reside with their families.



The facility provides structured living conditions aimed at promoting stability and well-being. Food services are extended to 100 per cent of the workforce through subsidised meal provisions, while indoor recreational facilities and essential retail services support daily living needs. Priya Blue City operates as an energy/electricity grid-positive facility, reflecting PBG's commitment to sustainable infrastructure alongside workforce welfare.

Worker health is managed through a structured occupational health framework. **Regular medical check-ups are conducted biannually for all employees,** ensuring routine monitoring of general health conditions. In addition, **comprehensive annual health assessments are undertaken for workers exposed to specific occupational risks,** including gas cutting, hazardous waste handling and other high-exposure operational roles. These specialised examinations help identify early indicators of work-related health conditions and enable timely intervention. Financial assistance is provided to workers in cases where further medical treatment is required following the comprehensive health assessments, ensuring that necessary care does not impose a financial burden on employees.



Emergency and primary healthcare support is available through dedicated **first-aid facilities within the ship recycling yards**, complemented by an **in-house occupational health centre located within Priya Blue City**. This integrated health infrastructure ensures that both preventive healthcare and immediate medical response mechanisms are accessible to the workforce.

Social Security and Statutory Benefits

All eligible workers are enrolled under the **Employees' State Insurance Corporation (ESIC)** and the **Employees' Provident Fund (EPF)** scheme in accordance with applicable statutory requirements. For employees not covered under ESIC, PBG provides coverage under the Workmen Compensation framework to ensure financial protection in the event of occupational injury.

In addition to statutory compliance, permanent employees are provided with medical insurance and accidental insurance coverage of ₹2,00,000 / (USD 2,140) per individual. Overtime work is compensated as per applicable labour regulations.

Quarterly performance-linked bonuses amounting to 20 per cent of basic pay are disbursed upon completion of one year of service. Employees are also eligible for statutory bonus payments of 8.33 per cent during the Diwali period in accordance with regulatory provisions.

PBG complies with wage standards notified under the **Minimum Wages Act, 1948**, as prescribed by the Government of Gujarat. **All employees receive wages above the applicable minimum wage thresholds for their respective categories.**

Leave and Compensation Structure

Employees completing three years of service are entitled to 40 days of leave. Unutilised leave is eligible for encashment at the end of the year. In addition to basic salary, employees receive structured allowances including House Rent Allowance (HRA), conveyance allowance, washing allowance and medical allowance, ensuring a comprehensive compensation framework.

6.2 Employee Engagement and Training

Employee training programmes are primarily focused on workplace health and safety, reflecting the operational risk profile of the ship recycling industry. Regular safety training sessions are conducted to strengthen awareness of hazard identification, safe handling practices, emergency response, and compliance with established safety protocols. In addition to safety-focused capacity building, sustainability-oriented training modules are also delivered to employees to enhance understanding of responsible resource management, environmental protection practices, and regulatory compliance. Details of health and safety performance outcomes are provided in the Health and Safety Performance section of this report.

6.3 Community Engagement and CSR Initiatives

During the reporting period, CSR support enabled the transition of a temporary learning centre in the Khaduthwa locality into a formal, government-recognised school with improved infrastructure and structured academic systems. Prior to intervention, the centre operated without a dedicated building, functional sanitation facilities, adequate classrooms, or a stable learning environment. These limitations affected enrolment continuity, learning quality, and community confidence.

The establishment of a new school building with proper classrooms, functional toilets, improved lighting and ventilation, and a dedicated computer room has significantly strengthened the educational ecosystem within the community.



The student–teacher ratio improved from 1:40 at baseline to 1:22, enabling greater individual attention and more effective classroom management. Enrolment increased from 34.3% in 2022 to 36.0% in 2024–25, while attendance improved from 87% to 89%. Importantly, the dropout rate remained stable at 10% despite persistent socio-economic instability within the locality, indicating strengthened retention mechanisms.

Beyond infrastructure, structured teaching methods, skill-level grouping, and improved monitoring systems have enhanced comprehension levels, classroom discipline, and student engagement. Parents now perceive the school as a credible and stable institution rather than a temporary arrangement, contributing to improved community trust and participation.

While challenges such as travel distance, foundational literacy gaps, and teacher compensation remain, the intervention has established essential structural conditions for sustained educational improvement. The project has created a stable institutional anchor within a socially vulnerable settlement, supporting long-term social mobility through strengthened access, safety, and learning quality.

For a detailed analysis of outcomes, methodology, and stakeholder feedback, please refer to the Impact [Assessment Report](#).

6.4 Grievance Redressal and Labour Practices

PBG maintains a structured grievance redressal framework to ensure that workers have accessible, transparent, and responsive mechanisms to raise concerns. Dedicated complaint / suggestion boxes are installed at multiple locations across the yard premises as well as within the township. The locations are chosen to be in blind areas from CCTV to allay any workers' concerns about tracing the person making the complaint/suggestion.

These boxes are opened and reviewed on a weekly basis to ensure timely examination and resolution of issues raised.

In addition to the physical mechanism, a QR-based digital grievance reporting system has been implemented to enhance accessibility and ease of reporting. This system includes options for anonymous submissions, allowing workers to report concerns without fear of retaliation or bias. The integration of digital and physical channels ensures that grievances can be raised through multiple pathways, accommodating varying literacy levels and comfort preferences.

Operationally, each worker is assigned to a designated mukadam or supervisor, who serves as the first point of contact for workplace concerns. Workers may directly escalate issues to supervisors, and where required, further escalate matters to senior management. This tiered reporting structure enables prompt issue identification, quicker resolution at the operational level, and structured escalation for more serious concerns.

Collectively, these mechanisms support transparency, worker participation, and responsible labour practices by fostering an environment where concerns can be raised and addressed systematically.



7. Health, Safety and Environment (HSE) Performance

7.1 HSE Management System

The Priya Blue Group has implemented a structured Health, Safety and Environment (HSE) Management System aligned with the requirements and principles of ISO 45001 to systematically manage occupational health and safety risks across its sustainable and responsible ship recycling operations. The HSE management system is designed to address the inherently higher-risk nature of ship recycling activities, including such activities as hot work, working at height, confined space entry, material handling and lifting, and exposure to hazardous substances.

The system is based on a risk-based approach, wherein hazards associated with all operational activities are identified, assessed, and controlled through formal Hazard Identification and Risk Assessment (HIRA) processes. Identified risks are mitigated through documented safe work procedures, permit-to-work systems, job safety analyses, and mandatory toolbox talks conducted prior to the commencement of all work, every day. Clear roles, responsibilities, and accountability for HSE performance are defined across management, supervisory personnel, and the workforce in the SRF to ensure consistent implementation on the ground. The HSE Management System integrates incident and near-miss reporting, investigation, and corrective and preventive action mechanisms to enable early identification of unsafe conditions and behaviours. Regular inspections, safety observations, and internal audits are carried out to monitor compliance with legal requirements, yard-specific safety standards, and internal procedures. Findings from these activities are reviewed by management and used to drive corrective actions and continuous improvement.

Emergency preparedness and response planning forms an integral part of the system, covering credible scenarios such as fire, gas leaks rescue, spills, and medical emergencies.



The system also extends to contractor and visitor safety management through mandatory induction, supervision, and access controls. Through alignment with ISO 45001, the HSE Management System at the Priya Blue Group aims to strengthen operational control, prevent work-related injuries and occupational illnesses, and embed a preventive safety culture supported by training, supervision, and continual improvement.

7.2 Safety Policy and Objectives

The Priya Blue Group's Safety Policy establishes a clear commitment to preventing work-related injuries, occupational illnesses, and unsafe conditions across its ship recycling operations. Recognising the inherently hazardous nature of ship recycling activities, the policy provides a structured framework for maintaining safe working conditions through compliance with applicable legal and regulatory requirements, including the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC), the Indian Ship Recycling Regulations, and recognised industry best practices including ISO 45001. The Safety Policy is approved by Senior Management and communicated to all employees, contractors, and visitors through induction programmes, display at prominent locations within the yard, and periodic safety briefings. No visitors are allowed to enter the outside work sites without attending a prior Health and Safety briefing. These briefings emphasise both the individual and collective responsibility for safety, ensuring that employees at all levels are accountable for following safe work practices and for reporting unsafe conditions, unsafe acts, and near-miss incidents without fear of retaliation.

Safety objectives are established in line with the policy and are reviewed periodically to ensure relevance and effectiveness. These objectives focus on measurable outcomes, including the prevention of fatalities and lost time injuries, reduction of unsafe acts and unsafe conditions through proactive identification and corrective actions, achievement of full training coverage in accordance with the approved training plan, and strengthening of incident and near-miss reporting mechanisms. Performance against these objectives is monitored through defined HSE indicators, inspections, audits, and management reviews. Through the implementation of its Safety Policy and clearly defined objectives, the Priya Blue Group seeks to reinforce a disciplined, preventive/proactive, and continuously improving safety culture across all ship recycling activities.



7.3 Safety Induction and Annual Training Programme Plan

	Training Title	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	Basic / General Safety	●						●					
2	Waste Management & Hazardous Materials					●						●	
3	Firefighting & Mock Drill		●						●				
4	First Aid & Rescue Operations			●						●			
5	Spill Control & Prevention			●						●			
6	Gas Cutting Operation						●						●
7	Working at Height	●						●					
8	Confined Space Entry & SCBA		●						●				
9	Asbestos Awareness & Removal				●						●		
10	Crane & Equipment Safety				●						●		
11	Battery & Chemical Handling Safety						●						●
12	Compressed Gas Cylinders & Pressure Vessels									●			●
13	Basic Hazmat Management					●						●	
14	IMS, Legal, Policies & Risk Assessment												●

During the reporting year, PBG implemented a revised structured Annual Training Plan designed to strengthen workforce capability, reinforce safety culture and enhance operational resilience across all ship recycling yards. The programme covered critical risk areas including general safety, firefighting and mock drills, confined space entry, working at height, spill control, gas cutting operations, hazardous material management, asbestos handling, equipment safety and IMS and legal compliance requirements. Trainings were strategically distributed across the year to ensure sustained engagement and continuous skill reinforcement, reflecting a proactive and preventive approach to risk management.

To ensure effectiveness beyond attendance, structured assessments were conducted following key training sessions to evaluate and confirm knowledge retention, practical understanding and procedural compliance. This assessment-based approach enables identification of competency gaps and supports targeted improvement. By combining systematic training delivery with performance evaluation, PBG demonstrates its commitment to building a skilled, safety-conscious workforce and embedding responsible operational practices within its sustainability framework.

7.4 Incident Reporting and Investigation Procedures

Priya Blue Group has established defined incident reporting and investigation procedures to ensure systematic identification, review, and resolution of safety-related incidents. All incidents, near misses, unsafe conditions, and unsafe acts are required to be reported in a timely manner, irrespective of their potential severity or outcome, to enable early risk identification and proactive and effective preventive action.

Reported events are assessed and investigated to determine immediate and underlying causes, with a focus on strengthening operational controls and work practices. Investigations are conducted in a structured manner, and corrective and preventive actions are identified, implemented, and tracked to completion. The effectiveness of these actions is periodically reviewed to prevent recurrence.

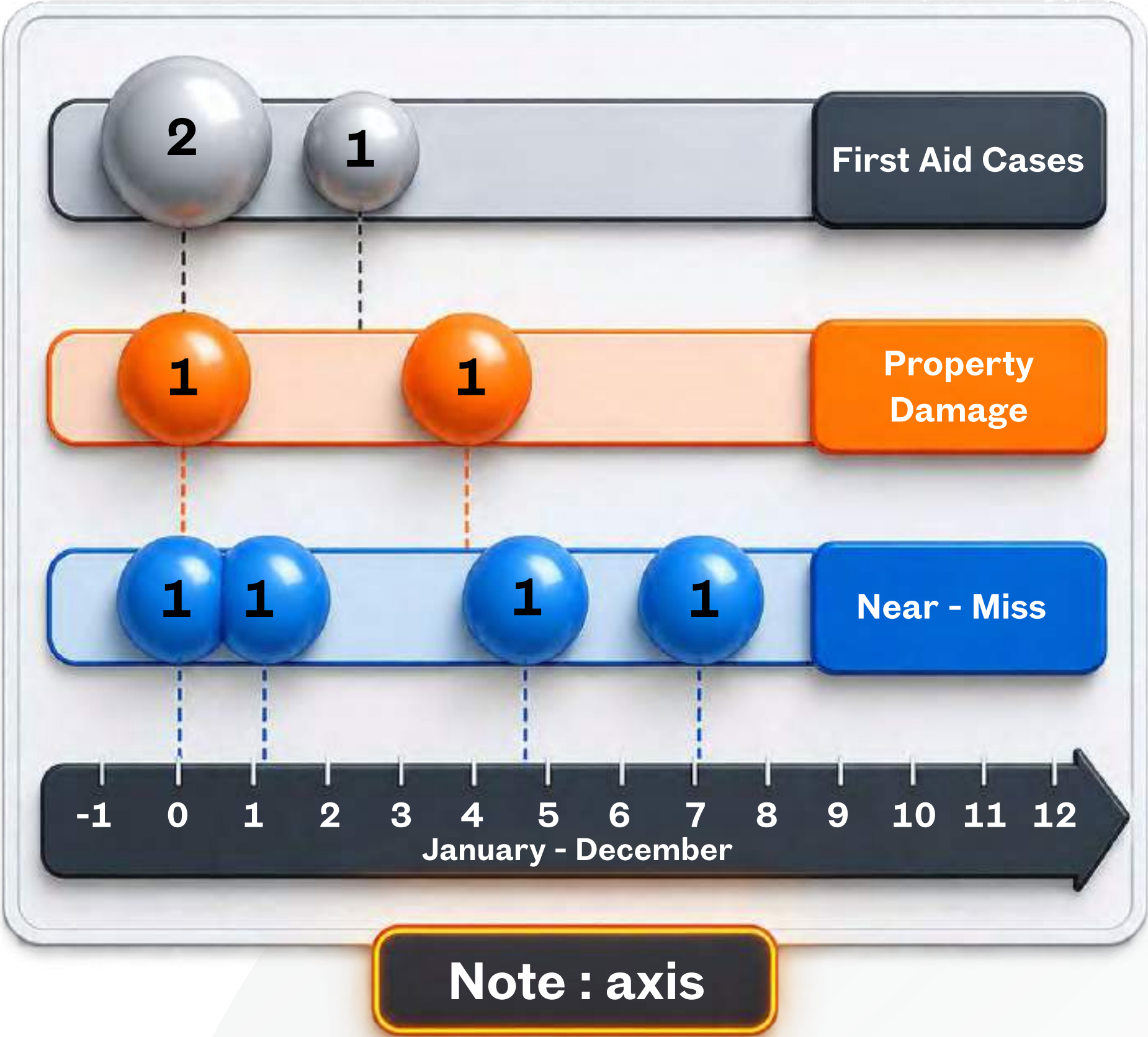
Key findings and lessons learned from incident investigations are communicated to relevant stakeholders through safety meetings and briefings. Incident trends and recurring issues are reviewed by management as part of ongoing HSE performance monitoring, supporting continual improvement in safety management across ship recycling operations.

7.5 HSE Performance Statistics

V1



Unsafe Conditions and Unsafe Acts Monthly Risk Trend (2025)



Note : axis

Leading Safety Indicators: Observations, Engagement and Training (2025)



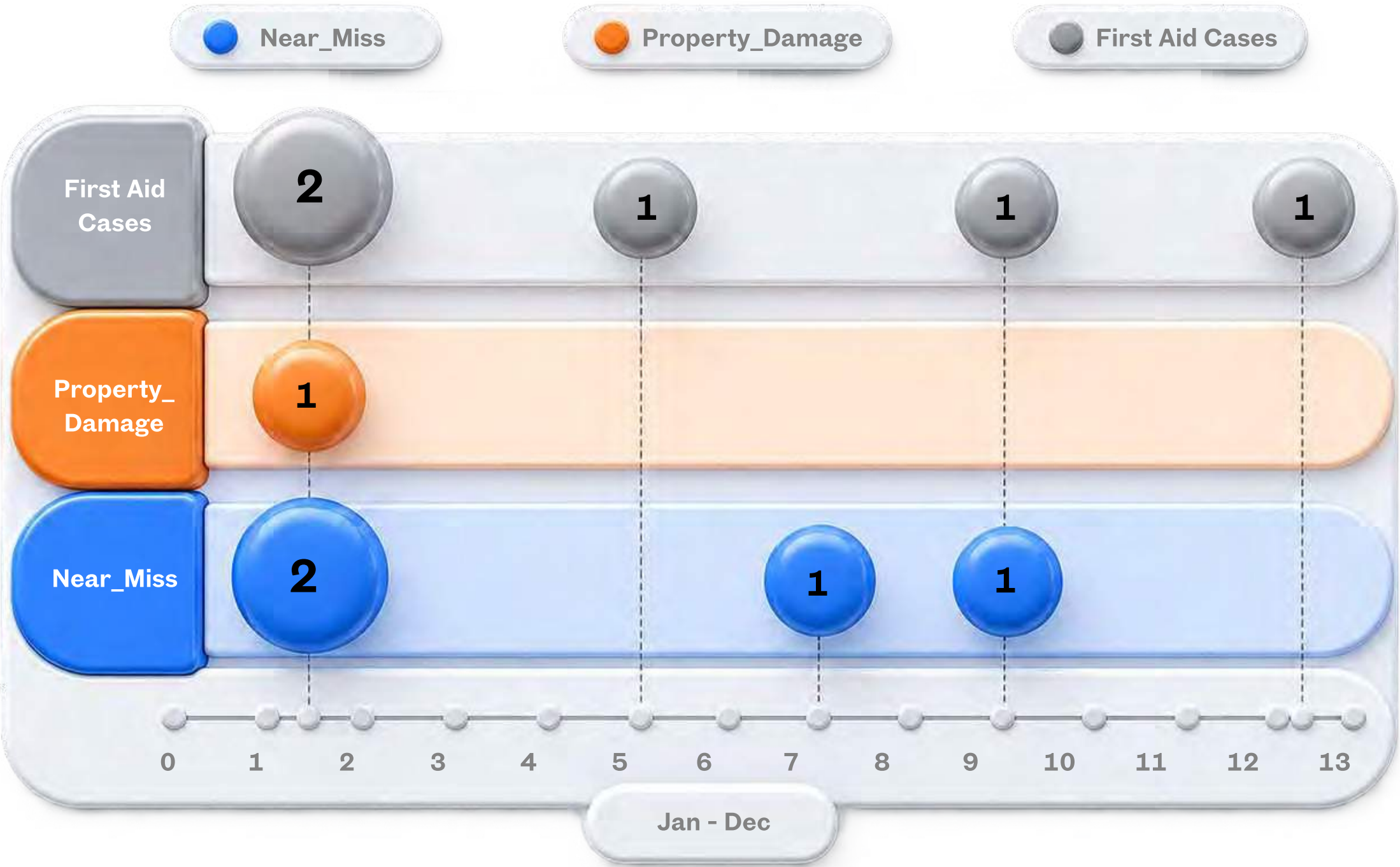
V2	
KPI	Value
Fatalities	0
RWC	0
LTI	0
MTC	0
TRC	0
LTIFR	0
TRCFR	0

Leading Safety Indicators: Observations, Engagement and Training (2025)



Unsafe Conditions and Unsafe Acts

Monthly Risk Trend (2025)

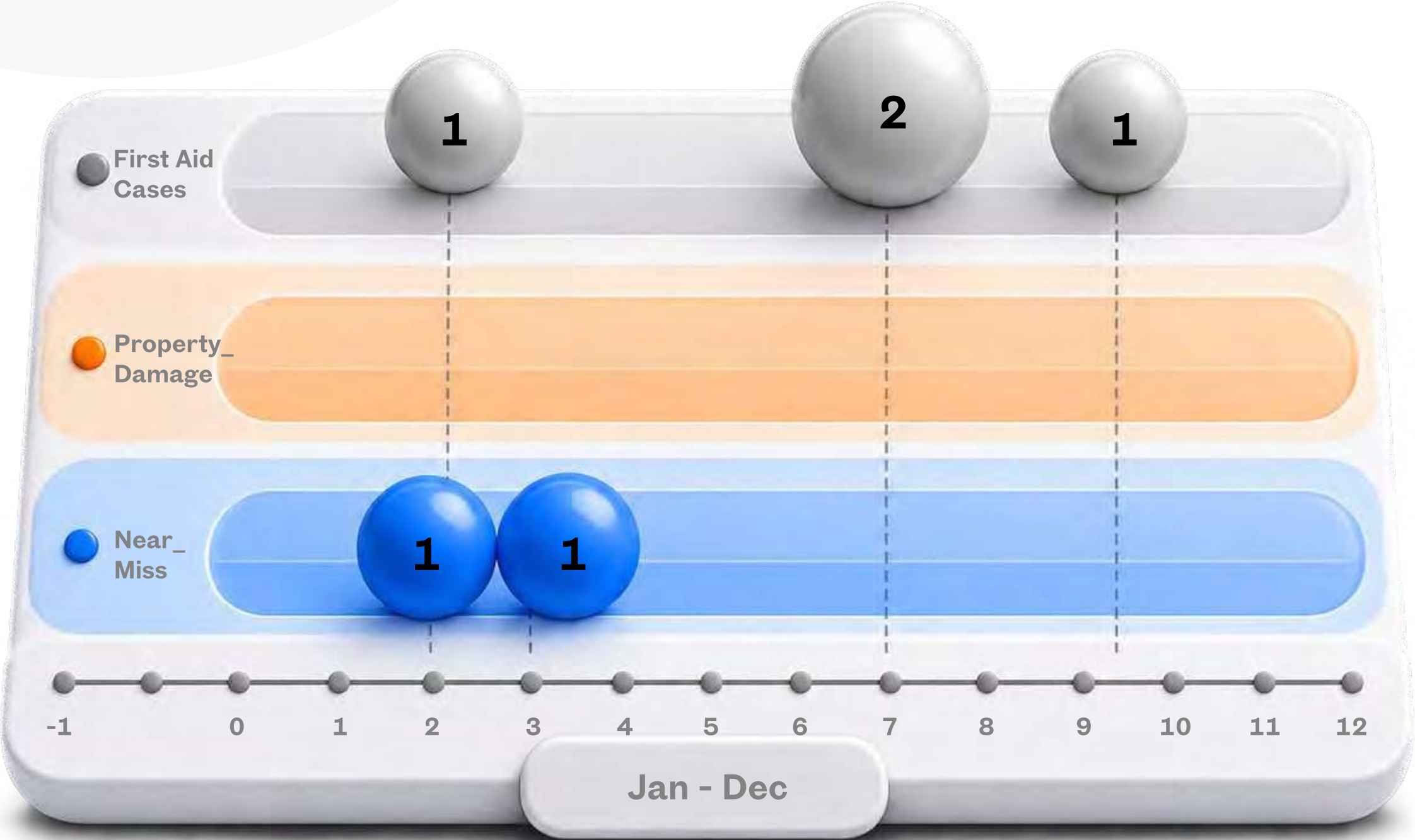


169M

KPI	Value
Fatalities	0
LTI	0
RWC	0
MTC	0
TRC	0
LTIFR	0
TRCFR	0



Leading Safety Indicators: Observations, Engagement and Training (2025)



Employee Suggestions/Training Hours

7.6 Occupational Health and Medical Surveillance

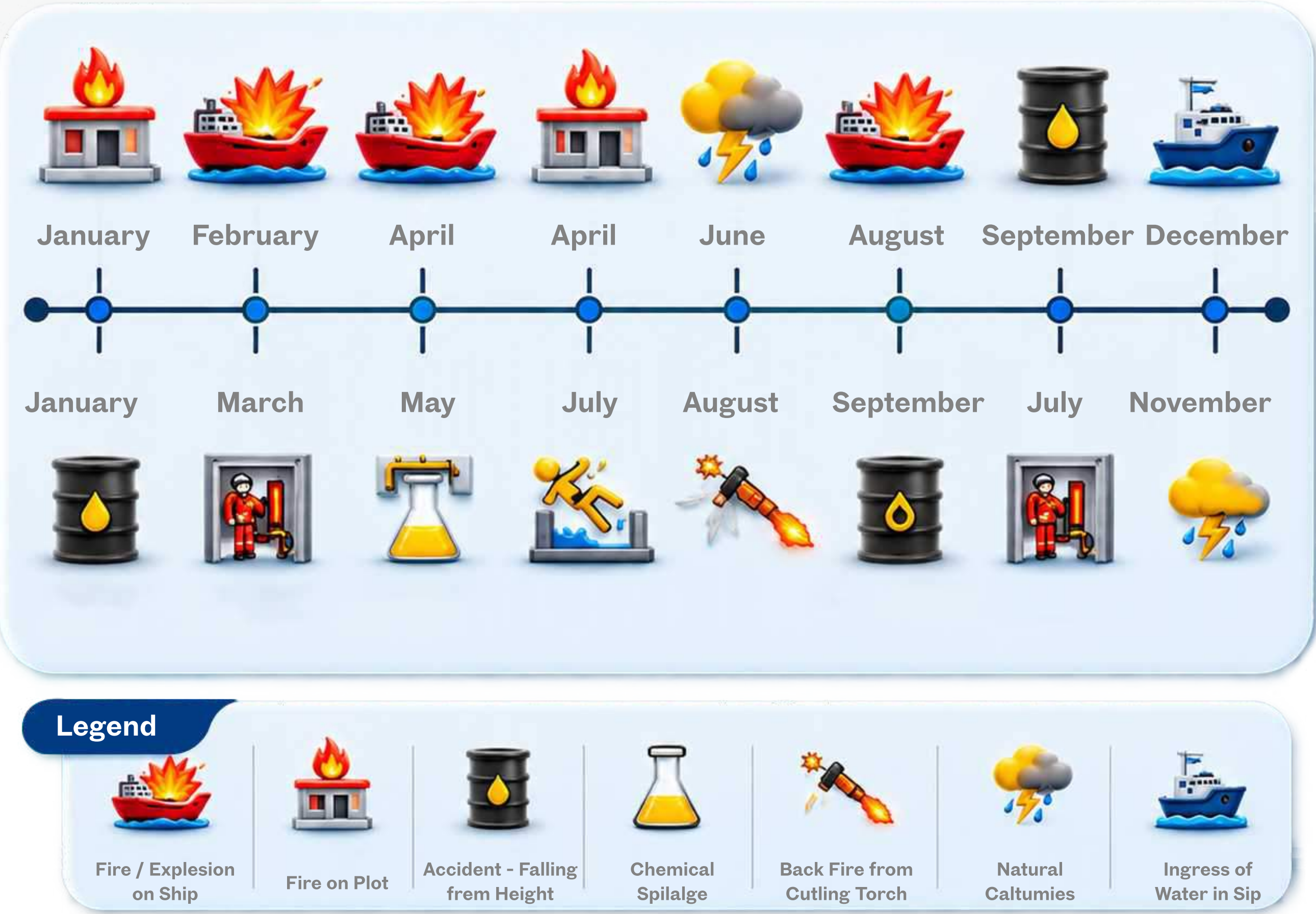
Priya Blue Group maintains an occupational health and medical surveillance framework to protect the health and well-being of its workforce and to identify potential (both individual and systemic) work-related health risks at an early stage. Employees undergo comprehensive health check-ups as part of pre-employment and periodic medical examinations, with a focus on monitoring fitness for work and detecting occupational health impacts associated with ship recycling activities.

Medical surveillance is supported through the provision of employee health insurance coverage and access to occupational health services. An on-site occupational health centre facilitates routine medical support, first response, and health monitoring. In addition, Priya Blue Group collaborates with the local Red Cross to strengthen medical preparedness, emergency response capability, and health awareness initiatives for employees.

Health data and medical findings are used to support preventive interventions, workplace controls, and targeted health programmes, while maintaining confidentiality of personal medical information. Through these measures, the Priya Blue Group aims to promote workforce health, reduce occupational health risks, and support safe and sustainable ship recycling operations.



7.7 Emergency Preparedness and Response Drills



Emergency preparedness is treated as an operational discipline rather than a compliance requirement. Given the high-risk nature of ship recycling activities, PBG adopts a structured, management-driven approach to anticipating, simulating and managing emergency situations.

At the beginning of each year, Senior Management formally approves an Annual Mock Drill Plan. This plan is not symbolic; it defines the risk scenarios to be tested, the frequency of drills, responsible teams, and evaluation criteria. Once approved, the plan becomes mandatory for implementation across the yard and is executed consistently throughout the year without dilution.

In 2025, mock drills were conducted every month in line with the approved plan. The scenarios reflected the most material operational risks, including:

Fire on plot, Fire / explosion on ship, Confined space rescue, Oil and grease spillage, Chemical spillage, Back fire from cutting torch, Accident – falling from height, Natural calamities and ingress of water in ship

Repeated testing of fire and explosion scenarios reflects the inherent exposure associated with hot work operations. Spill simulations focused on rapid containment to prevent soil and marine contamination. Confined space drills evaluated atmospheric monitoring, rescue readiness and emergency retrieval systems. Height-related drills tested fall protection and response capability under time-sensitive conditions.

A key feature of the programme is 100% employee participation. All workers, supervisors and safety personnel are required to actively participate in drills. This ensures that emergency response knowledge is not limited to management or safety teams but embedded across the entire workforce. Participation at all levels strengthens coordination, accountability and behavioural readiness.

Emergency response infrastructure includes a hydrant network, portable extinguishers, spill containment systems, gas detection equipment, breathing apparatus, first aid facilities, alarm systems and designated assembly points. Equipment readiness is verified through periodic inspections.

Each drill concludes with a structured debrief to assess response time, communication clarity, PPE compliance, equipment performance and environmental control measures. Identified gaps are documented, and corrective actions are tracked to closure.

The annual planning mechanism, consistent execution and full workforce involvement demonstrate a proactive approach focused on risk anticipation, injury prevention and environmental protection, reinforcing operational resilience across PBG.





7.8 Contractor and Visitor Safety Management

Priya Blue Group implements defined safety management measures to ensure that contractors and visitors entering its ship recycling facilities adhere to applicable safety requirements. All contractors and visitors are subject to mandatory safety induction prior to access, covering site-specific hazards, safety rules, emergency procedures, and the use of personal protective equipment.

Contractor activities are monitored to ensure compliance with established safety procedures and permit-to-work requirements, particularly for high-risk tasks. Contractors are required to follow the same safety standards as employees, and safety performance is reviewed as part of ongoing supervision and coordination.

Visitor access is controlled and limited to designated areas, with supervision provided at all times. Personal protective equipment is issued as required, and movement within operational zones is restricted to minimise exposure to risk. Through these measures, Priya Blue Group seeks to maintain a controlled and safe working environment for all individuals present at its ship recycling operations.

7.9 Continuous Improvement Initiatives in HSE

Continuous improvement in Health, Safety and Environment (HSE) is integrated into routine operations through a structured cycle of monitoring, evaluation and corrective action. HSE performance is periodically reviewed by senior management to assess incident trends, near misses, unsafe conditions and regulatory compliance. Findings from internal inspections, audits and mock drills are analysed to identify root causes and systemic gaps rather than isolated lapses.

Corrective and preventive actions are assigned with defined responsibilities and timelines, and progress is tracked to closure. Risk assessments are updated to reflect operational changes, ensuring that control measures such as permit-to-work systems, confined space protocols and hot work supervision remain effective and relevant.

Worker engagement plays a central role in strengthening HSE performance. Regular toolbox talks, refresher trainings and awareness sessions reinforce safe work practices and encourage reporting of unsafe conditions and near misses. Feedback from employees is considered in refining procedures and improving practicality of controls at the ground level. Emergency equipment, fire-fighting systems, gas detection devices and spill response materials are periodically inspected and upgraded where required to maintain operational readiness. This structured and participatory approach supports proactive risk management, reduction of injury potential, and minimisation of environmental impact, reinforcing a culture of continuous improvement across PBG.



8. Governance and Ethics

8.1 Governance Structure and Leadership

PBG is a family-owned business, with the Board of Directors serving as the highest governance body responsible for strategic direction and oversight. The Chair of the Board is Mr. Sanjay P Mehta, who provides strategic oversight and leads the Board in its governance responsibilities. Members of the founding family are represented on the Board and play an active role in guiding long-term strategic priorities and major capital investment decisions.

The Board of Directors collectively possesses a diverse range of experience and expertise relevant to the oversight of PBG's operations and sustainability priorities. This includes knowledge of ship recycling operations, environmental management, occupational health and safety, regulatory compliance, and business management.

The combined experience of the Board enables effective oversight of environmental, social, and governance risks and supports informed strategic decision-making. Where required, the Board is supported by internal subject-matter experts and external advisors to address specific technical or regulatory matters.

Operational governance and sustainability management are led by the Senior Management team, under the leadership of the Chief Operating Officer and supported by functional heads. Senior Management is responsible for implementing sustainability initiatives, ensuring regulatory compliance, and managing environmental and social risks associated with ship recycling operations.

Strategic decisions relating to sustainability, capital investment, regulatory compliance, and long-term risk management are periodically reviewed through structured Management Review Meetings involving family representatives and senior management.

Although PBG does not currently have independent directors or formally constituted board committees, sustainability oversight is supported through defined internal governance mechanisms, including a Sustainability Committee that meets quarterly and reports to Senior Management. Key sustainability developments and strategic matters are escalated to the Board where required.

The governance framework continues to evolve with increasing formalisation of documentation, roles, and accountability mechanisms in line with organisational growth.

8.2 Business Ethics and Anti-Corruption Measures

Ethical conduct and integrity form a core component of PBG's governance and risk management framework. Accountability for ethical performance rests with the highest decision-making authority, supported by senior executives responsible for operational implementation. Oversight of regulatory compliance, sustainability risks, and long-term business resilience inherently includes the management of corruption and ethical risks.

PBG has a formal Anti-Corruption Policy that applies to all employees, contractors, suppliers, and third parties acting on its behalf. The policy adopts a zero-tolerance stance towards bribery, fraud, corruption, facilitation or inducement payments, and seeking any form of improper advantage. All business interactions with government authorities, customers, suppliers, and other stakeholders are required to be conducted lawfully, transparently, and in good faith.

The giving or receiving of gifts, hospitality, or other benefits is permitted only where such actions are reasonable, proportionate, and directly related to legitimate business purposes. Any attempt to influence decision-making through financial or non-financial inducements is strictly prohibited. Political contributions or donations intended to secure business benefits are not allowed. PBG mandates complete and accurate financial record-keeping and strictly prohibits undisclosed accounts, falsified documentation, or concealed transactions.

Ethical risk mitigation is embedded within operational processes through defined financial approval hierarchies, structured procurement procedures, and due diligence prior to onboarding vendors and intermediaries. Periodic reviews of expense claims, supplier transactions, and financial controls are undertaken to identify irregularities. Internal audits support the evaluation of compliance effectiveness and recommend corrective actions where required.

Ethics and compliance considerations are integrated into sustainability and risk review mechanisms, ensuring that business integrity is not treated as a standalone issue but as part of broader organisational resilience. Senior management periodically reviews compliance performance and risk exposure as part of structured management assessments.

PBG recognises that robust governance systems evolve with scale and complexity. Accordingly, it continues to strengthen documentation practices, formalise internal controls, and enhance oversight mechanisms to reinforce a culture of integrity and responsible business conduct.



Conflicts of Interest

PBG is committed to maintaining high standards of integrity and transparency in all business activities. Employees and members of the highest governance body are required to avoid situations that may result in actual or perceived conflicts of interest.

Any potential conflict of interest must be disclosed to management, and appropriate measures are taken to ensure that decisions are made objectively and in the best interest of the organisation. Where required, individuals are recused from decision-making processes to prevent undue influence.

The organisation's policies on ethics, anti-corruption, and whistleblower protection support the identification, disclosure, and management of conflicts of interest.

8.3 Risk Management

PBG adopts a structured approach to risk management to safeguard operational continuity, regulatory compliance, and long-term sustainability. Risk oversight rests with senior management, who review enterprise-level risks on an annual basis and additionally upon specific requirements raised by ship owners, regulators, or other critical stakeholders. Emerging or material risks are escalated to the highest decision-making authority through formal management review discussions, particularly where financial, regulatory, environmental, or reputational impacts are significant.

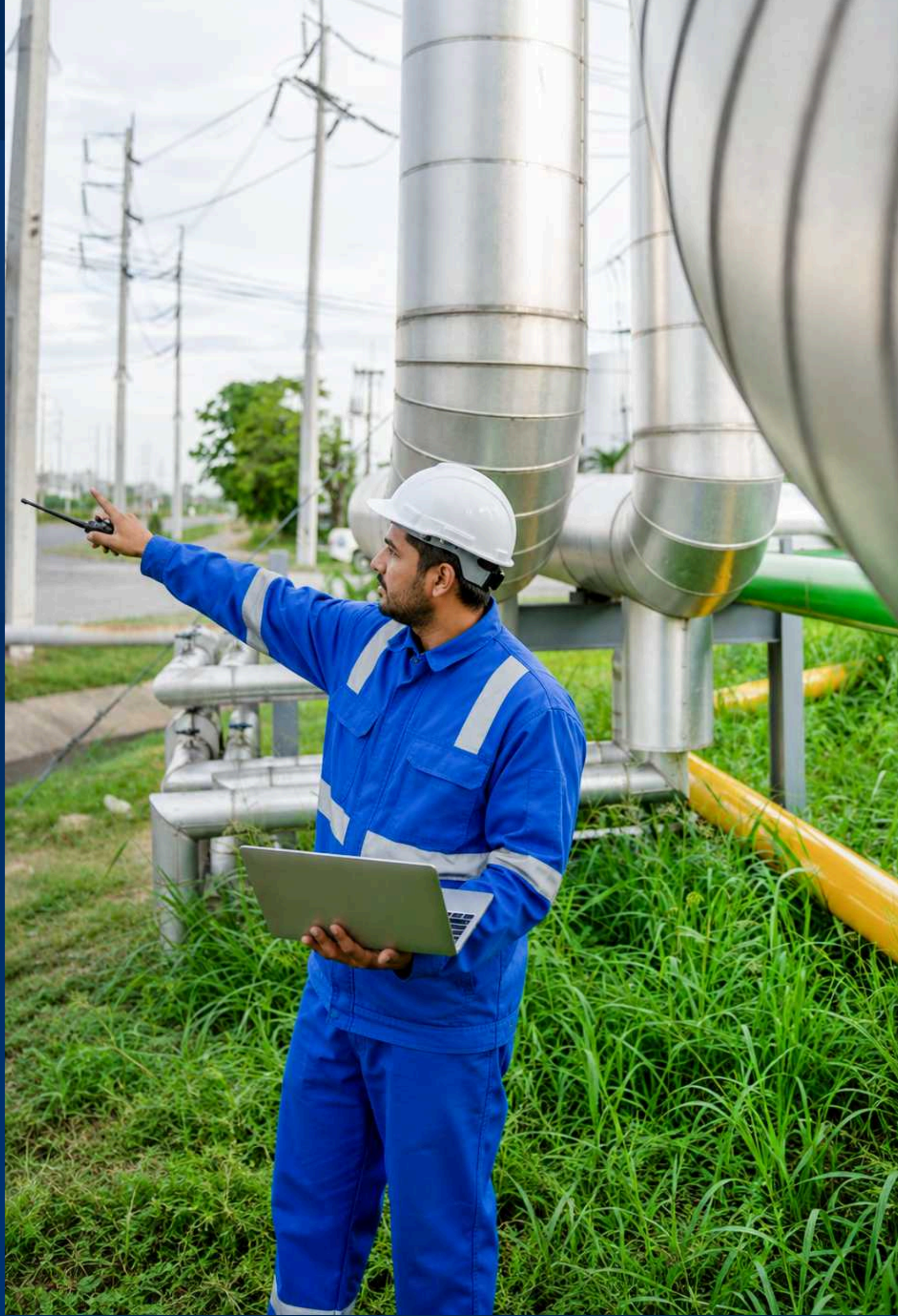
Risk Identification and Assessment

Risks are identified through management reviews, operational assessments, stakeholder interactions, regulatory tracking, and observations from health, safety, and environmental monitoring. PBG maintains a risk register that is reviewed annually and updated when significant operational changes, regulatory developments, or client-specific requirements arise.



Risks are assessed using a structured evaluation framework based on likelihood and impact. Impact is evaluated across multiple dimensions, including financial exposure, regulatory consequences, operational disruption, environmental harm, worker safety, and reputational damage. High-risk items are prioritised for mitigation planning and senior-level review.

Risk Category	Identified Risk	Potential Impact
Strategic Risks	Irregularity of demand and supply in the ship recycling market	Revenue volatility and operational planning challenges
	Cultural and social expectations of international markets	Market access limitations and reputational exposure
	Growing demand for climate-conscious industries	Competitive pressure to demonstrate sustainability performance
	Industry reputation linked to sustainable ship recycling practices	Ability to attract environmentally conscious customers
Regulatory Risks	Upcoming requirements under international conventions (e.g., EU Ship Recycling Regulation)	Compliance gaps, vessel rejection, penalties
	Ability to meet evolving customer and regulatory requirements	Contractual and legal risks
Operational Risks	Rising sea levels and tidal variations	Physical damage and operational disruption
	Higher temperatures and humidity	Worker safety risks and productivity impacts
	Illiteracy and resistance to change among workforce	Implementation delays in safety and sustainability initiatives
	Limited awareness and training on climate-related risks	Inadequate preparedness for environmental changes
Social & Human Capital Risks	Multicultural workforce dynamics	Communication gaps or operational misunderstandings
	Safety, health, and environmental culture maturity	Workplace incidents and compliance failures



Mitigation and Control Measures

To manage market-related risks, PBG monitors global shipping trends, scrap price movements, and regulatory developments affecting ship owners. Diversified customer engagement and adherence to internationally recognised standards enhance resilience against demand fluctuations.

Regulatory risks are mitigated through proactive tracking of international conventions and customer-specific requirements. Periodic compliance reviews and documentation audits ensure readiness to meet evolving standards, including EU regulatory frameworks and other international obligations.

Environmental and climate-related risks are addressed through monitoring of tidal patterns, infrastructure resilience planning, and implementation of occupational health safeguards to manage heat stress and humidity exposure. Safety protocols, environmental monitoring, and periodic drills reinforce preparedness for physical and operational risks.

Workforce-related risks are mitigated through structured training programmes, multilingual communication practices, and continuous sensitisation on safety and environmental standards. Efforts are undertaken to strengthen awareness of climate-related risks and encourage behavioural change across all operational levels.

Business Continuity and Resilience

PBG integrates risk management into its sustainability strategy to enhance long-term resilience. Emergency response procedures, safety drills, environmental monitoring, and defined reporting lines support operational continuity. Lessons from incidents and near-misses are reviewed to strengthen preventive controls.

As climate-conscious industries and sectors expand globally, PBG recognises that robust sustainability practices are not only a compliance requirement but also a strategic opportunity.

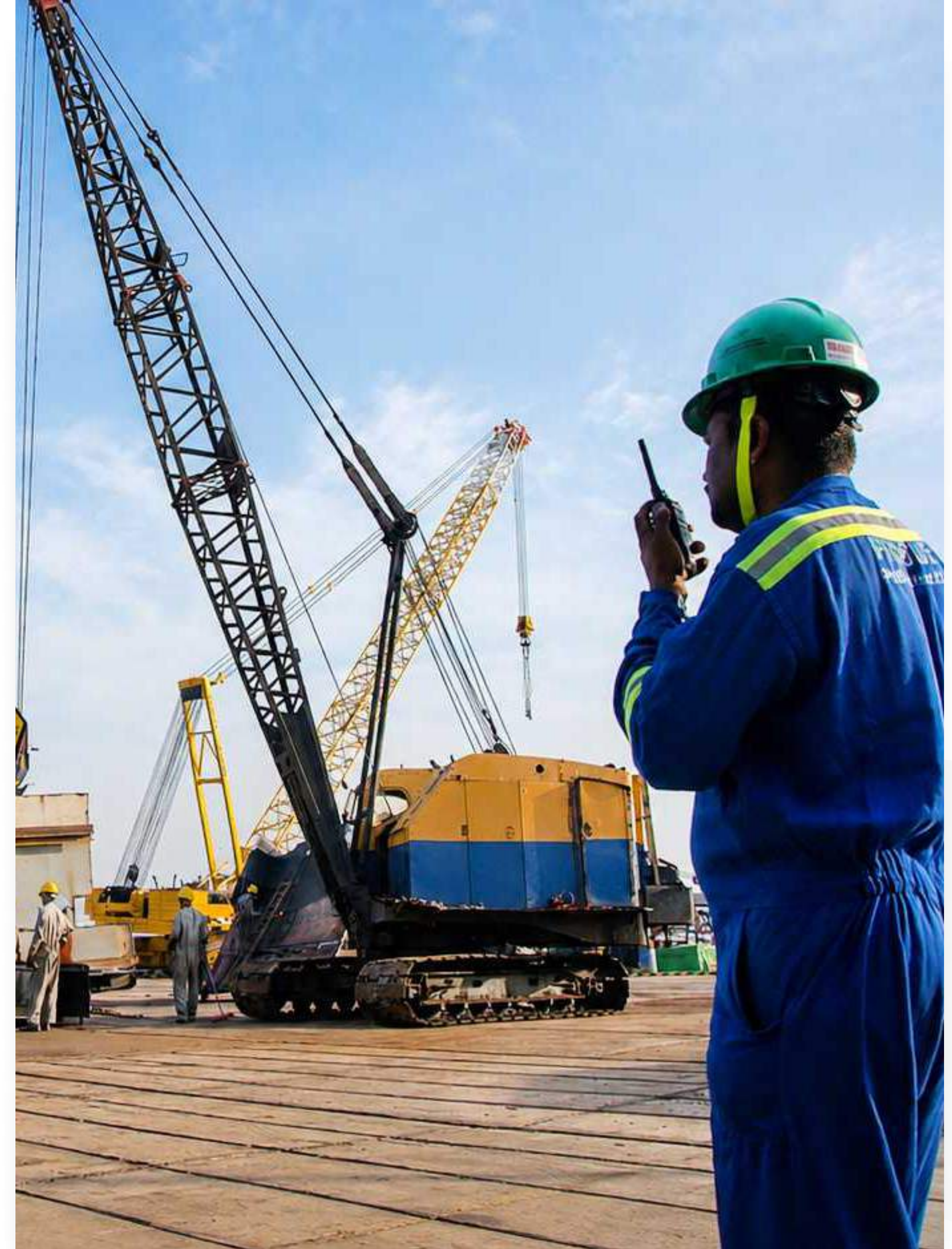
By strengthening environmental safeguards, enhancing workforce capability, and aligning with international regulatory expectations, PBG aims to improve industry reputation, attract environmentally conscious customers, and secure long-term competitiveness.

Risk management is treated as a dynamic and evolving process. Through annual reviews and responsive reassessments when required, PBG continues to refine its controls, strengthen governance oversight, and build adaptive capacity in a changing regulatory and climate landscape.

8.4 Compliance and Regulatory Framework

Priya Blue Group operates within a comprehensive legal and regulatory framework governing ship recycling, environmental protection, occupational health and safety, and labour practices. The Company ensures compliance with all applicable national and state regulations, including but not limited to the Environment (Protection) Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, Factories Act, 1948, and Ship Recycling Act, 2019. Compliance with these regulations is integral to ensuring environmentally sound operations, safe working conditions, and responsible handling of hazardous materials throughout the ship recycling process.

The Company maintains a structured compliance management system supported by a legal compliance register, periodic internal audits, and regular monitoring of statutory requirements. Necessary consents, authorisations, and approvals are obtained from regulatory bodies such as the Gujarat Pollution Control Board and other competent authorities, and are renewed in a timely manner. Continuous tracking of regulatory updates, employee training, and accountability mechanisms ensure adherence to evolving legal requirements, minimisation of compliance risks, and alignment with both national regulations and international standards governing ship recycling.



8.5 Whistle-blower Policy and Transparency



Transparency and ethical accountability are integral to PBG’s sustainability framework. A formal Whistle-blower Protection Policy is in place to enable employees and relevant stakeholders to report suspected misconduct, unethical behaviour, regulatory violations, or breaches of internal policies in a structured and secure manner. The mechanism reinforces PBG’s commitment to responsible business conduct and supports early identification of governance and compliance risks.

The policy is applicable across all operations and ship recycling facilities and extends to directors, officers, employees, contractors, and other relevant stakeholders. Reports may relate to matters such as corruption, fraud, safety violations, environmental non-compliance, labour concerns, or any act that may adversely impact PBG’s integrity or sustainability performance.

Oversight of the whistle-blower mechanism is exercised by senior management. The Chief Operating Officer is the designated authority responsible for receiving complaints, conducting or overseeing investigations, and ensuring appropriate corrective and preventive actions are taken as appropriate. Outcomes of investigations are reviewed at the highest management level to maintain transparency and accountability.

The reporting framework provides multiple accessible channels, including direct reporting to supervisors or senior management and written or confidential submissions. Complaints may be made verbally or in writing. Confidentiality is maintained to the extent practicable to protect the identity of the reporting individual and ensure procedural fairness whilst balanced against any need to take further action or provide feedback. PBG enforces a strict non-retaliation policy for individuals who raise concerns in good faith.

Awareness of the whistle-blower mechanism is strengthened through onboarding sessions, periodic communication, and employee sensitisation initiatives. Supervisors and managers are responsible for escalating reported concerns promptly and ensuring that issues are not suppressed at operational levels.

9. Innovation and Future Roadmap

9.1 Process Improvements and Technology Adoption

Operational Engineering Controls and Preventive Infrastructure

Priya Blue Group has undertaken a structured transition from labour-intensive dismantling practices to engineered, mechanised, and monitored operational systems across its ship recycling facilities. This transition is grounded in the hierarchy of controls, prioritising elimination and engineering safeguards over procedural and behavioural mitigation. The objective is to reduce environmental exposure, minimise occupational risk, and improve process precision throughout dismantling activities.

Controlled Block Removal through Barge Crane Deployment

During vessel dismantling operations, a barge crane with a **main hoist capacity of 1,716 MT, auxiliary hoist capacity of 320 MT, and whip hoist capacity of 60 MT** is positioned alongside the vessel to facilitate the controlled lifting and transfer of dismantled blocks to the impermeable surface of the front yard or designated secondary cutting area, ensuring that materials do not come into contact with permeable surfaces.

The crane lifts dismantled blocks directly from the vessel and transfers them onto designated impermeable flooring within the yard. This controlled lifting mechanism eliminates any contact of dismantled blocks with the intertidal (permeable surface) zone, ensuring that handling occurs exclusively within engineered containment areas in full and robust alignment with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC).





By preventing interaction between dismantled blocks and the beach surface in the littoral area, the system strengthens environmental safeguards while enhancing operational precision and material traceability throughout the dismantling process. The integration of high-capacity mechanised lifting reflects a deliberate move towards engineered containment and environmentally sound recycling practices.

Development of Impermeable Flooring and Structured Drainage Systems

Impermeable flooring systems have been installed across both front-yard and back-yard operational zones to ensure controlled material handling and environmental protection. These engineered surfaces are integrated with a structured drainage network designed to capture and channel surface runoff for controlled collection and appropriate treatment. The impermeable flooring prevents seepage of oil residues, paint particles, and other potential contaminants into the underlying soil strata. By integrating containment directly into operational infrastructure, the yard ensures that dismantling activities are conducted within engineered control boundaries. The drainage network enables systematic runoff management, reducing the risk of soil and groundwater contamination and supporting compliance with applicable environmental regulatory requirements.

Transition from LPG Cylinders to Piped Natural Gas

In alignment with both safety enhancement and carbon reduction objectives, the Group has replaced LPG-based oxy-fuel cutting systems with piped natural gas infrastructure. The previous reliance on LPG cylinders required on-site storage, handling, and movement of pressurised cylinders, increasing exposure to fire hazards, leakage risks, and handling-related incidents.

The installation of a centralised PNG supply system eliminates routine cylinder handling and reduces dependency on bulk storage within the yard. This transition has enhanced operational stability and lowered fire risk exposure. In addition to safety improvements, the change has resulted in an estimated avoidance of approximately 440 tCO₂e emissions, contributing to a measurable reduction in operational carbon intensity.

Installation of Safe Load Indicators on Winches

To strengthen vessel handling safety during beaching and repositioning activities, safe load indicators have been installed on all operational winches. These devices provide real-time monitoring of load conditions and help prevent operations beyond the prescribed capacity thresholds of our equipment.

Overloading of winches presents risks including wire or structural failure, potentially leading to high danger to nearby workers and uncontrolled vessel movement. The integration of load monitoring systems introduces a mechanical safeguard against such events, reducing the probability of catastrophic mechanical failure and enhancing overall operational control during high-risk pulling operations.

Mechanised Handling through Magnetic Cranes

The safe material movement within the yard has been further significantly strengthened through the introduction of magnetic cranes for handling steel plates. Previously, manual handling of heavy steel sections exposed workers to muscular strain, crush hazards, and plate slippage incidents.

The use of magnetic lifting systems eliminates direct physical handling of large steel plates, reducing injury probability and improving material movement precision. This mechanisation reflects PBG's broader commitment to substituting high-exposure manual tasks with engineered lifting solutions that enhance both safety and operational efficiency.

Integrated Impact

Collectively, these interventions demonstrate a structured movement towards preventive environmental design and engineering-based risk elimination. By embedding containment systems, mechanised lifting infrastructure, monitored load control, and cleaner fuel systems into core operations, Priya Blue Group is strengthening environmental protection, reducing workplace exposure risks, and improving operational resilience.



9.2 Digitalisation and Data Transparency

Priya Blue Group has initiated the transition towards structured digital record management as part of its broader effort to improve transparency and reduce material consumption within yard operations.

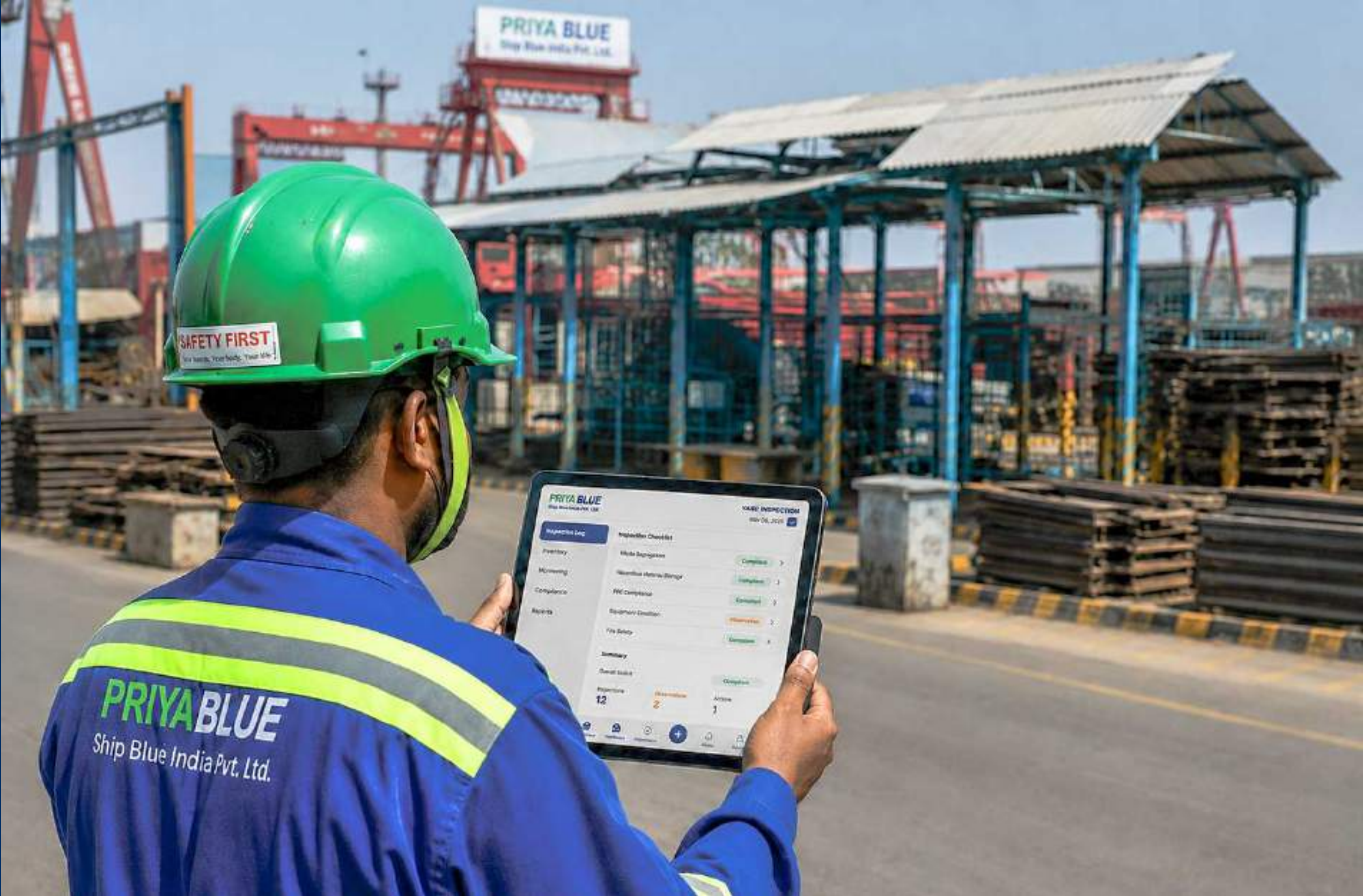
Responsible Paper Use

Paper required for routine yard use is sourced from materials already available on incoming vessels. External procurement of paper for day-to-day use is avoided. By utilising materials already present within vessels prior to dismantling, additional material consumption is limited and unnecessary procurement is mitigated.

This approach supports resource efficiency within operations and aligns with the broader objective of minimising indirect environmental impacts associated with consumable materials.

Early-Stage Digitalisation

PBG has begun transitioning selected records and tracking systems from paper-based formats to electronic platforms. Initial areas of digitalisation include inspection logs, monitoring records, inventory tracking, and selected compliance registers.



At this stage, digital systems operate alongside existing documentation practices. The transition is being implemented progressively to ensure operational continuity while improving record accessibility and reducing dependence on physical storage.

The early integration of electronic systems enhances basic traceability and supports structured information management. As implementation expands, PBG intends to further reduce manual documentation and improve data consolidation across dismantling activities.



9.3 ESG Targets and Commitments

The following section presents PBG's measurable ESG targets for the period 2026–2028. These targets are intensity-based and performance-driven, designed to demonstrate continuous improvement rather than one-time achievement. Each category is supported by operational controls, monitoring systems, and management oversight to ensure accountability.

Environmental Targets

Environmental performance is focused on resource efficiency, emissions reduction, and strict pollution control. Given the operational profile of ship recycling, intensity metrics (per tonne of incoming ship processed) are used to reflect true efficiency improvements independent of volume fluctuations.

Energy and emissions targets will be achieved through equipment optimisation, preventive maintenance, improved fuel efficiency, and gradual adoption of cleaner operational practices. The zero-incident commitment requires strict hazardous material handling, impermeable work surfaces where required, and real-time spill response mechanisms. Compliance targets are monitored through internal audits and statutory reviews.

Social Targets

Social commitments prioritise worker safety, health, welfare, and engagement. Given the labour-intensive nature of operations and the presence of migrant workers, structured safety systems and welfare programmes are critical to risk reduction and workforce stability.

Incident rate reductions will be supported by structured supervision, behavioural safety programmes, and routine toolbox talks. Training coverage includes permanent and contractual workers. Health screening targets reflect annual medical monitoring. Worker satisfaction and grievance resolution metrics are tracked through documented surveys and grievance registers to ensure transparency.





Governance Targets

Governance commitments strengthen accountability, transparency, and risk management. These targets ensure regulatory adherence, structured oversight, and progressive improvement in ESG integration across operations and the supply chain.

Audit closure performance ensures corrective actions are completed within specified timelines. Certification maintenance reflects commitment to structured management systems. Anti-corruption training is embedded into annual compliance programmes. Supplier ESG assessments are progressively expanded based on risk profiling. Earlier publication timelines demonstrate improvements in data management and reporting maturity.

9.4 Continuous Improvement Strategy

Priya Blue Group is committed to continuous improvement across its ship recycling operations, with a focus on enhancing environmental performance, operational efficiency, and worker safety. The Company adopts a structured approach to identifying improvement opportunities through internal audits, performance monitoring, and stakeholder feedback, ensuring that sustainability is embedded into everyday decision-making and long-term planning.

The roadmap focuses on strengthening resource efficiency, reducing environmental impact, improving waste management practices, and enhancing occupational health and safety standards. Emphasis is placed on adopting cleaner technologies, optimising energy use, improving material recovery rates, and ensuring responsible downstream processing of recycled materials.

In addition, the Company is progressively enhancing its data management systems and operational controls to support better tracking, reporting, and transparency of sustainability performance. Through a combination of innovation, capacity building, and process optimisation, Priya Blue Group aims to drive measurable improvements and align its operations with evolving regulatory requirements and global best practices in ship recycling.



10 Abbreviations

BRSR	Business Responsibility and Sustainability Reporting
CEA	(India) Central Electricity Authority
CO₂e	Carbon Dioxide Equivalent
CSR	Corporate Social Responsibility
DEFRA	Department for Environment, Food & Rural Affairs (UK)
EPF	Employees' Provident Fund
ESG	Environmental, Social and Governance
ESIC	Employees' State Insurance Corporation
ETP	Effluent Treatment Plant
FAC	First Aid Case
GHG	Greenhouse Gas
GMB	Gujarat Maritime Board
GRI	Global Reporting Initiative
HIRA	Hazard Identification and Risk Assessment
HKC	Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009
HSE	Health, Safety and Environment
IHM	Inventory of Hazardous Materials
ILO	International Labour Organization
IMS	Integrated Management System

IPCC	Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
LDT	Light Displacement Tonnage
LNG	Liquefied Natural Gas
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MTC	Medical Treatment Case
ODS	Ozone Depleting Substances
PPE	Personal Protective Equipment
PNG	Piped Natural Gas
RO	Reverse Osmosis
RWC	Restricted Work Case
SCBA	Self-Contained Breathing Apparatus
SDG/s	Sustainable Development Goal/s
SRCI	Ship Recycling Circularity Index
SSI	Sustainable Shipping Initiative
STP	Sewage Treatment Plant
TRC	Total Recordable Case
TRCFR	Total Recordable Case Frequency Rate
UNGC	United Nations Global Compact



GRI Content Index

Statement of Use:

Priya Blue Group has reported in accordance with the GRI Standards 2021 for the period

1 January 2025 – 31 December 2025.



1. General Disclosures

GRI Standard	Disclosure	Location / Explanation	Omission
GRI 2-1	Organisational details	Section 3.1 Organisation Profile; Section 3.3 Business Operations and Geographic Presence	—
GRI 2-2	Entities included in sustainability reporting	Section 1.2 Reporting Period and Boundary (Yards V1, V2 and 169M)	—
GRI 2-3	Reporting period, frequency and contact point	Section 1.2 Reporting Period and Boundary	—
GRI 2-4	Restatements of information	Section 1.3 Restatements of Information	—
GRI 2-5	External assurance	Section 1.5 Assurance and Verification	To be updated upon completion of assurance
GRI 2-6	Activities, value chain and business relationships	Section 3.3 Business Operations and Geographic Presence; Section 3.4 Products and Services	—
GRI 2-7	Employees	Section 6.1 Workforce Overview	—
GRI 2-8	Workers who are not employees	Section 6 Social Responsibility	—
GRI 2-9	Governance structure and composition	Section 4.5 Governance of Sustainability	—
GRI 2-10	Nomination and selection of highest governance body	Section 4.4 Governance of Sustainability	—
GRI 2-11	Chair of the highest governance body	Section 8.1 Governance structure and leadership	—
GRI 2-12	Role of highest governance body in overseeing impacts	Section 4.4 Governance of Sustainability	—
GRI 2-13	Delegation of responsibility for managing impacts	Section 4.4 Sustainability Committee	—
GRI 2-14	Role of highest governance body in sustainability reporting	Section 4.4 Governance of Sustainability	—
GRI 2-15	Conflicts of interest	Section 8 Governance and Ethics	—

GRI Standard	Disclosure	Location / Explanation	Omission
GRI 2-16	Communication of critical concerns	Section 8.5 Whistle- blower Policy and Transparency	—
GRI 2-17	Collective knowledge of governance body	Section 8.1 Governance structure and leadership	—
GRI 2-18	Evaluation of governance performance	Section 4.4 Governance Review	—
GRI 2-19	Remuneration policies	Not publicly disclosed	Confidentiality constraints
GRI 2-20	Process to determine remuneration	Not publicly disclosed	Confidentiality constraints
GRI 2-21	Annual total compensation ratio	Not disclosed	Confidentiality constraints
GRI 2-22	Statement on sustainable development strategy	Section 2 Leadership Message	—
GRI 2-23	Policy commitments	Section 3.5 Policy Framework	—
GRI 2-24	Embedding policy commitments	Section 4 Sustainability Approach	—
GRI 2-25	Processes to remediate negative impacts	Grievance Redressal (Section 6.4) Whistle-blower Policy (Section 8.5)HSE Incident Reporting (Section 7.4)	—
GRI 2-26	Mechanisms for seeking advice and raising concerns	Section 6.4 Grievance Redressal; Section 8.5 Whistle-blower Policy	—
GRI 2-27	Compliance with laws and regulations	Section 8.4 Compliance and Regulatory Framework	—
GRI 2-28	Membership associations	Section 3.1 Organisation Profile (UN Global Compact, Sustainable Shipping Initiative)	—
GRI 2-29	Approach to stakeholder engagement	Section 1.6 Stakeholder Inclusiveness; Section 4.2 Materiality Assessment	—
GRI 2-30	Collective bargaining agreements	Section 6 Social Responsibility	—

GRI Content Index

Statement of Use:

Priya Blue Group has reported in accordance with the GRI Standards 2021 for the period

1 January 2025 – 31 December 2025.



2. Material Topics



3. Environmental Disclosures



4. Social Disclosures



5. Governance Disclosures



Thank You

For your continued trust in responsible ship recycling. We welcome your questions and feedback.

 www.priyablue.com

 sustainability@priyablue.com

FACILITY V1, V2, 169M

 Sosiya Ship Recycling facility, P.O. Manar, Dist. Bhavnagar, Gujarat, India.

 priyablue@priyablue.com

 marketing@priyablue.com

 +91 2842235444 / 235445

HEAD OFFICE

 Aashirvad, Plot 1563/A, Opp. Panna Tower, Rupani – Sardarnagar Road, Bhavnagar – 364001, Gujarat, India.

 priyablue@priyablue.com

 marketing@priyablue.com

 +91 2782563311 / 7631

BRANCH OFFICE

 Priyablue Shipping Pvt Ltd Kesar Orion , 5th floor 501-502, Hindu Colony Lane no 5, Dadar East Mumbai 400014.

 priyablue@priyablue.com

 marketing@priyablue.com

 +91 2224045001 / 2 / 3