

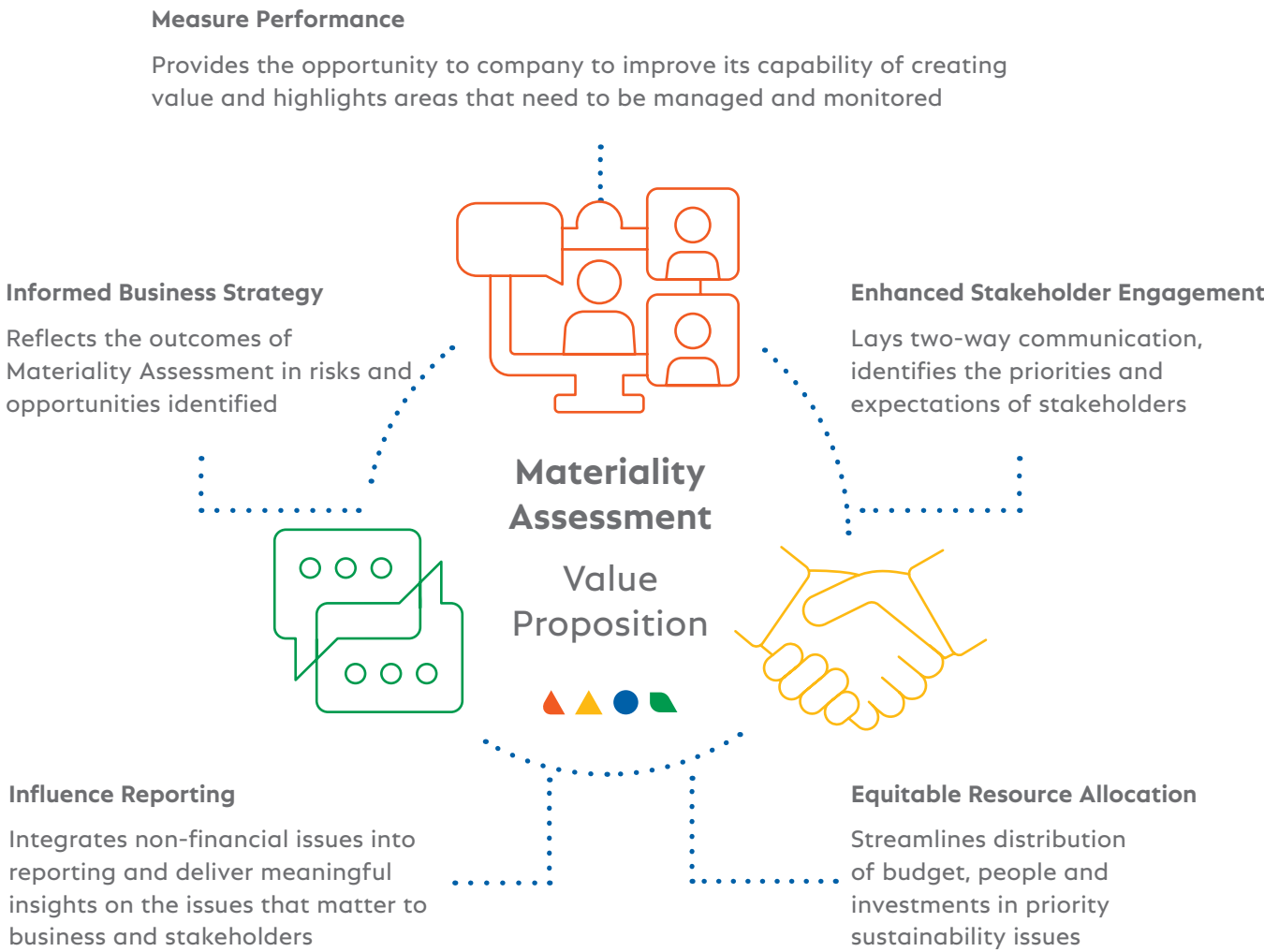
Materiality Assessment and Stakeholder Engagement

Material issues impacting Value Creation

(GRI 102-47)

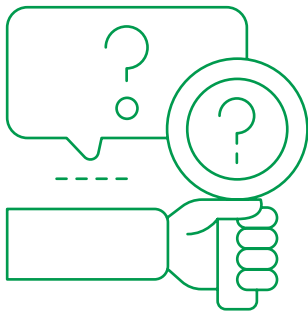
Materiality assessment enables us to identify and prioritise key ESG issues that play a critical role in our business strategies, investments, business operations and have the capability to create value for stakeholders in the long run. It acts as a strategic business tool with implications beyond corporate responsibility or sustainability reporting.

Adopting a comprehensive exercise of materiality assessment delivers tangible and non-tangible benefits to the Company. Consequently, significant social and environmental issues are considered while framing business strategies. Meeting sustainability benchmarks are deeply embedded in our business operations and processes.



Considering the evolving ESG landscape, the dynamic operational and business environment, worldwide trends, and other factors, we ensure continuous monitoring of existing material topics and for identifying any new focus areas that may emerge significantly for the stakeholder fraternity.

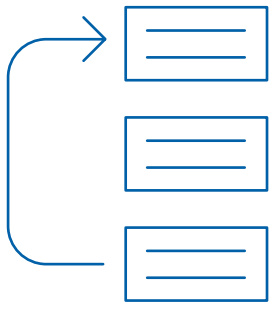
In the current reporting period, an extensive materiality assessment exercise has been conducted to identify key material issues that may potentially impact value creation for all stakeholders. We have adopted an inclusive approach in identifying material issues by seeking inputs from all our relevant stakeholders and business segments.



Identification of Material Topics



Stakeholder Identification and Consultation



Prioritisation of Material Topics

1. Identification of Material Topics

Apraava Energy conducted a data-driven exercise and peer analysis to identify the material topics that have an impact on the business, stakeholders, and the external environment.

A. Qualitative Analysis

A preliminary desk review was carried out to identify existing and emerging industry-specific trends and business risks. Through peer and sector analysis, we have identified certain issues that has the potential to impact our commercial viability, our social performance, and our relationship with the stakeholders. These include Health and Safety, Climate Change and Data Security, among others.

B. Quantitative Analysis

Material topics of leading power sector companies of India were analysed and it was observed that peer companies reported an average of eighteen material topics of India cutting across the three sustainability parameters.

C. International Standards

We have also factored in requirements of voluntary reporting frameworks such as GRI standards and the identified material topics were grouped under the three ESG pillars.

Apart from existing topics, we have extended the review methodology to include the following parameters as well:



Environmental factors



Social factors



Governance factors



Significant impact on revenue



Impact on reputation



Regulatory requirements



Impact on business model/future business areas/ R&D

2. Stakeholder Identification & Consultation

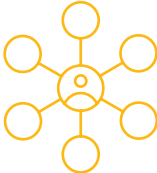
Internal and external stakeholders were identified and mapped based on their potential to influence Apraava Energy’s business strategy or be impacted by it. Consultations led to valuable feedback for updating, validating, and prioritising identified material topics. A combination of one-to-one interviews and online questionnaires were used to capture their opinions.

Internal Stakeholder consultations were carried out with Senior Management and Sustainability Working Group to get a snapshot of the Company’s vision and business goals as well as understand emerging risks and challenges associated with each material issue.

External Stakeholder consultations were carried out with customers, suppliers, NGOs, and investors to understand their key concerns and expectations from the Company and identify business priorities, risks, and opportunities.

As a result, additional material topics that reached the materiality threshold in FY 2021-22 are highlighted in blue in the Figure 2. Moreover, the key focus areas of each material topic and related risks are elaborated throughout the report.

Figure 2: Presentation of our material topics

 Environment	 Social	 Governance
Climate Change	Safety & Well-being	Economic Performance
Water Management	Supply Chain Management	Operational Excellence
Air Emissions	Community Engagement	Digital Transformation
Waste Management	Employee Engagement	Risk Management
Ash Management	Training & Skill Development	Data Security
Biodiversity	Diversity, Equity & Inclusion	Business Ethics, Integrity & Transparency
Environmental Compliance		

3. Prioritisation of Material topics

Based on stakeholder engagement and the desktop review, material topics were analysed, shortlisted and prioritised. Our Company’s performance against these prioritised material topics was then mapped under the Environment, Social and Governance pillars, reflecting the Company’s concerted effort to create value over the short, medium, and long-term.

Some material topics such as Air Emissions and Climate Change are of great relevance to stakeholders as they have a high impact on the business. Several others such as Business Ethics, Integrity & Transparency, Water Management, Operational Excellence and Risk Management too have a high impact on business but are of comparatively medium importance to stakeholders. We can conclude that the materiality mapping exercise has helped us in making informed decisions and strengthened our overall strategy and risk management.

Building Long-term Relationships with our Stakeholders

(GRI 102-40,42,43,44; BRSR Principle 4)

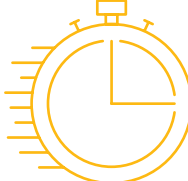
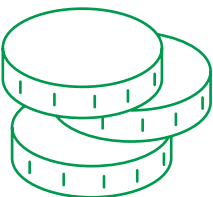
Isolated growth is not sustainable for any business. However, when they take along all their stakeholders in this growth journey, the complete eco-system flourishes. Stakeholder engagement is necessary to understand the needs and perspectives of various stakeholder groups and to identify key areas of focus to drive business sustainably. An inclusive approach through constant engagement with stakeholders, unfolds value by tapping new opportunities and helps in devising ways to balance expectations with business strategy.

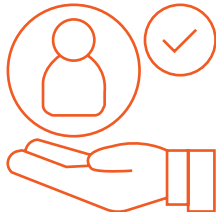
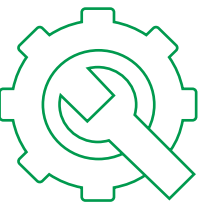
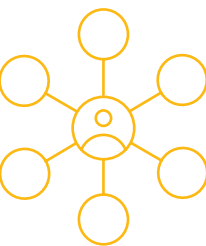
We continuously engage with our stakeholders - including investors, employees, suppliers, regulators, communities, and customers, among others. The open communication channels with stakeholders lead to identification of the prevalent and emerging material issues and helps in highlighting key improvement areas to mitigate evolving risks and challenges. This strong partnership is pivotal in tapping into new opportunities and building effective business strategies for sustainable growth.

Inclusive Stakeholder Engagement Approach

Stakeholder Analysis	Stakeholder Mapping	Stakeholder Engagement	Engagement Follow-up
Based on sectoral and peer analysis, stakeholders relevant to Apraava Energy were identified as per their influence on operations as well as their interests	Visual representation showing the stakeholders ability to influence the value creation and their interest level	Engage with internal and external stakeholders through workshops, surveys, visits, etc.	Identified opportunities from the stakeholder’s response and determined an action plan
	Stakeholder mapping is informed by our Company’s strategy, business context, emerging risks and efficacy of operations	Informal interactions with communities to understand the impact of our operations on their lives	Revisited the stakeholders to assess the actions taken and identifying new concerns
		Guided by principles of Inclusivity, Materiality, Responsiveness and Impact	

Stakeholders' Focus Areas and Engagement Framework

 Stakeholders	 Purpose of Engagement	 Consultation Mechanism	 Frequency	 Focus Areas	Statutory Reports
CLP Holdings Ltd. 	CLP Holdings through its subsidiary holds 60 percent stake in Apraava Energy	Board meetings	Periodically	Strategy & policy guidance	Financial Capital
		Committee meetings		Business planning	
		Business review meetings		Performance & monitoring review	
				Innovation & new business models	
				Project/Business performance	
Caisse de dépôt et placement du Québec (CDPQ) 	CDPQ through its subsidiaries holds 40 percent stake in Apraava Energy	Board meetings	Periodically	Strategy & policy guidance	Social and Relationship Capital
		Committee meetings		Business planning	
		Business review meetings		Performance & monitoring review	
				Innovation & new business models	
				Project/Business performance	
Lenders 	Lenders provides debt capital and strengthen the Company's financial stability during project expansion	Annual report	Annually	Periodic due diligence, compliance reports and certificates	Human Capital
		Sustainability report			
		Press releases	Periodically	Project/business performance	
		Investor presentations			
		Corporate websites	Quarterly		
		Quarterly and annual results	Quarterly		

Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Areas
Customers 	Customers are recipients of Apraava Energy's services	Top management interactions	Periodically	Understanding customer requirements
	Purchasing decisions of customers determine our sustenance in the utility sector	Techno-commercial interactions		Generation and dispatch planning
		Plant visits		Resolving technical and commercial issues
	Apraava Energy provides clean, convenient, and affordable energy as well as other services of value that meet the needs of our customers	Personal visits		Fair and competitive pricing
				Service quality and safety
Government and regulatory bodies 	These bodies lay down regulations for conducting business and resolving disputes	Official communication channels	Periodically	Policy and regulatory matters
		Regulatory audits and inspections		Compliance and clearances
		Environmental compliance		Transparency in disclosure
		Policy intervention		
Industry associations 	Associations mobilise voice of market players which helps in negotiating issues of common interest	Dialogue with organisations	Periodically	Thought leadership
				Sharing of best practices
	They also enable us to participate in cutting-edge research, adopt and share best practices, and participate in advocacy			Sector specific matters
				Local community development
Community 	Develop meaningful initiatives in partnership with the communities and address their most critical needs	Need assessment studies	Periodically	Integrated village development with focus on youth and women empowerment
		Participatory rural appraisals		
		Community investment programmes		
		Review meetings and field visits		

Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Areas
Employees 	To create an organisation that is fit for purpose, with a high performing and highly engaged workforce, that will help build the organisation of the future	One-on-one interactions	Periodically	Creating a shared understanding and communication of Organisation's Purpose Vision Mission Values
		Town halls (Open house)		Communication of the What and the How of organisational goals
		Internal Communication channels (e-mail updates, Company Intranet)		Development of next generation of organisational leaders
		Performance feedback	Half-yearly	Employee involvement in organisational initiatives like Business Excellence, Sustainability
		Large Scale Interactive Processes	Annual	Providing a unique and supervisor employee value proposition
				Employee engagement
Suppliers/Value chain partners 	Aim to create sustainable value chain	Supplier and Vendor meetings	Periodically	Fuel supply
	Limit financial, business, and reputational risk	Technical and commercial discussions		Competency development of local suppliers
				Contract management
				Operations and maintenance reviews
				Product and service discussions
				Grievance redressal mechanism
	Enable to control cost, drive service excellence, and mitigate risk			