

Materiality Assessment and Stakeholder Engagement

Materiality – A unidirectional approach to evaluating environment, social and governance issues impacting our business. Materiality is the foundation for identifying, assessing and prioritising sustainability issues that concern our stakeholders and can potentially affect our organisation. It is vital for the development of an effective strategy and long-term value creation.

Materiality Assessment Framework

Evaluating Performance	Offers a chance for Apraava Energy to enhance its ability to create value, while also identifying areas that require management and monitoring
Enhanced Stakeholder Engagement	Establishes a two-way communication channel to identify and understand priorities and expectations of stakeholders
Equitable Resource Allocation	Optimises the allocation of budget, human resources, and investments toward addressing high-priority sustainability issues
Influence Reporting	Incorporates non-financial issues into reporting and provides valuable insights on matters that are important to both the business and its stakeholders
Informed Business Strategy	Aligning risks and opportunities with materiality assessment results

Basis our review to reconfirm the result validity of the comprehensive materiality assessment conducted in FY 2021-22 for Apraava Energy, we concluded that the material issues identified have remained relatively consistent during FY 2022-23. Material issues relevant to the utilities sector are unlikely to change over a short timeframe since significant changes in the operating environment usually take place over longer periods of time.

Material Issues Across ESG Parameters

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		



Double Materiality – A Bidirectional Approach to Assessing the Impact of our Business on People, Economy and Environment

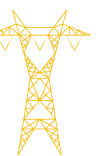
During the current reporting period, we studied and analysed the relevance of each identified material topic from the perspective of 'Double Materiality' which is the union of Impact Materiality and Financial Materiality.







'Impact Materiality' refers to significant positive or negative actual/potential impacts on society, the economy and the environment, including impacts on human rights. 'Financial Materiality' refers to financial risks or opportunities which create, preserve or erode enterprise value. These risks and opportunities are considered to have implications for the organisation's revenues, expenses or balance sheet.

Reporting on Double Materiality enhances our response to stakeholder demands for corporate transparency and enables us to clearly distinguish between inside-out and outside-in impacts thereby aiding us to develop effective management strategies. The findings from the analysis, upon discussions with the senior management and relevant stakeholder groups, have been summarised below.




Double Materiality Impact Analysis

Topic	Impact Materiality (Inside-Out)	Financial Materiality (Outside-In)
 <p>Climate Change</p>	Scaling up our clean energy portfolio contributes directly towards mitigating climate change and air pollution. Our adaptation measures toward uninterrupted business operations in the face of extreme weather events benefit the economy and communities by ensuring reliable supply of energy. Our efforts in making clean energy systems more efficient and resilient, and decoupling generation and distribution from non-renewable and polluting fossil fuels support India's transition to a low-carbon economy	Various physical and transition risks arising from climate change could potentially impact our business such as damage to physical assets due to extreme weather events, rising insurance costs, carbon price set by the market or as a tax affecting the bottom line. Company valuation in the perspective of investors might take a hit due to reliance on fossil fuels at our thermal plant. Climate change also presents us some financial opportunities in the form of increased demand for clean energy, enhanced access to capital and declining renewable energy costs
 <p>Water Management</p>	Considering that water scarcity affects all life forms, our water conservation practices help in preserving a vital natural resource and also benefit local communities. Fossil fuel-based power generation is highly water intensive, and we will be no longer investing in it	Considering our heavy dependence on water especially at our thermal power plant, unavailability of water would significantly affect our operations leading to untimely delivery and cost implications. Implementation of water conservation initiatives and efficient use of water leads to lowered costs of withdrawal and transportation due to reduced requirement of water



Topic	Impact Materiality (Inside-Out)	Financial Materiality (Outside-In)
Air Emissions 	Air emissions consist of chemicals or particles in the air that can harm the health of humans, animals, plants and also the building infrastructure	Exceeding prescribed emissions limits set by national or local regulations could lead to penalty costs. Preserving air quality in and around our facilities is essential for the health of our workers and upholding a social license to operate
Waste Management 	Improper waste management contributes to climate change, air pollution, and affects many species and ecosystems	Improper disposal of waste carries regulatory risks. Waste can also be used as a resource; utilisation of recycled material leads to reduction of costs
Ash Management 	Effective utilisation of fly ash which is a by-product of the power generation process fosters the circular economy at the industry as well as national level. Fly ash, if disposed improperly, is hazardous to health and the environment	Several producers of cement, bricks, concrete, etc. are interested in utilising fly ash generated at our thermal power plant. This presents us a revenue stream and also enhances our brand reputation for contributing to a circular economy
Biodiversity 	Conservation of biodiversity generates a positive impact on the environment and local economies by protecting ecological processes and influencing critical industries, such as agriculture and food production	Biodiversity is key to ecosystem services. It fundamentally underpins the benefits we derive from all forms of natural capital
Environmental Compliance 	Compliance with environmental regulations and also moving beyond compliance helps us minimise our environmental impact	Environmental compliance enables us to operate without incurring costly fines and penalties. It also drives us to adopt more sustainable practices that lead to improved operational efficiency, reduced costs and minimal waste
Safety & Well-being 	Measures to ensure workforce safety and health such as minimising the risk of spread of communicable diseases benefit our people and the communities in which we operate	Ensuring safety and well-being lowers absenteeism rates, enhances employee productivity, maintains uninterrupted operations and improves business efficiency. Conversely, non-compliance increases the prospect of lawsuits and financial sanctions from industry regulators. It also damages brand, reputation and social license

Topic	Impact Materiality (Inside-Out)	Financial Materiality (Outside-In)
Supply Chain Management 	Embedding sustainability into the supply chain helps promote good ESG practices on a large scale. Majority of our procurement is sourced domestically, boosting local economies. Human rights violations are commonly observed across supply chains implying the criticality of human rights Due Diligence	Supply Chain Management is associated with our operational costs, efficiency and quality control. A sustainable supply chain is critical to minimising business disruptions and also opens up growth opportunities for meeting evolving stakeholder expectations
Community Engagement 	Our CSR initiatives create positive impact through infrastructure development, environmental care, sustainable livelihoods, women and youth empowerment, health and nutrition	Our social license to operate could be affected if social impacts and community relations are not managed well. A well-engaged community will also enhance our brand reputation
Employee Engagement 	Creating a healthy working environment through effective employee engagement benefits our people who experience higher levels of job satisfaction, team cohesion and productivity, and a better work-life balance	Retaining and attracting top talent is pivotal to organisational success. A high turnover rate will have significant financial implications due to high costs of recruiting and training new employees
Training & Skill Development 	Investment in training and skill development leads to growth of employees and helps them develop skills for the future. It contributes to the country's economic growth by enhancing employee productivity and employability	Training and skill development is critical for keeping pace with the changes in technologies and methods associated with the power industry. It also helps in honing soft skills and upholding morale of employees leading to enhanced organisational productivity
Diversity, Equity & Inclusion 	Diversity, equity, and inclusion generates positive social impact through the promotion of fair treatment and full participation of all people. It plays a significant role in protecting human rights such as freedom from discrimination	Diversity, equity, and inclusion are important to company culture since they foster creativity, fresh perspectives, and understanding. A healthy mix of backgrounds, opinions, and talents enriches the organisation
Economic Performance 	Contribution to the economic growth of the country and increasing rates of employment	Strong economic performance is fundamental to attracting investments, earning more customers, increasing profitability, and capitalising on great opportunities for further growth and expansion

Topic	Impact Materiality (Inside-Out)	Financial Materiality (Outside-In)
Operational Excellence 	Enhancing operational excellence produces a ripple effect on economic growth	Operational excellence enables us to improve all areas of performance including profitability, decision-making, customer services, human resources capabilities, and ongoing investments
Digital Transformation 	Contribution toward making the country digitally empowered which is the motive of campaigns such as 'Digital India'.	Developing and maintaining strong digital capabilities will help us implement strategies and achieve business goals. Being responsive to evolving customer preferences and emerging technologies such as blockchain provide an opportunity to enhance sales and diversify revenue streams
Risk Management 	Identification and assessment of risks incentivises us to generate positive impact through the adoption of good economic, environmental, social and governance practices	Effective risk management framework and practices help us identify and address risks facing our business and, in doing so, increase the likelihood of successfully achieving our businesses objectives
Data Security 	Considering our role in ensuring reliable supply of energy, large scale data breaches could significantly impact the economy due to operational interruptions	Data breaches could lead to leakage of confidential data and expose us to litigation, fines, and reputational damage. A cyberattack could also cause severe operational interruptions
Business Ethics, Integrity & Transparency 	It plays a significant role in contributing towards the achievement of targets under SDG 16 i.e., Peace, Justice and Strong Institutions.	It is fundamental to earning and maintaining trust from all of our stakeholder groups without which our business cannot survive and flourish



100 MW Solar Site at Veltoor, Telangana





Strengthening Stakeholder Relationships

For a business to grow sustainably, it cannot be isolated from its stakeholders. Engaging with stakeholders is crucial to understand their needs and perspectives, identifying key areas of focus, and driving business sustainably. By constantly engaging with investors, employees, suppliers, regulators, communities, and customers, businesses can tap into new opportunities and devise ways to balance expectations with business strategy.

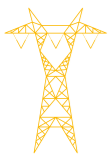
Apraava Energy’s Stakeholder Relationship Management Approach

Stakeholder Analysis	Stakeholder Mapping	Stakeholder Engagement	Engagement Follow-up
Apraava Energy identified stakeholders based on their impact on operations and interests using sector and peer analysis	A visual representation was created to depict the stakeholders’ influence on value creation and their level of interest	Interact with internal and external stakeholders via workshops, surveys, visits, etc.	Recognised opportunities based on stakeholder feedback and established an action plan
	Our stakeholder mapping is based on our Company’s strategy, business context, emerging risks, and operational effectiveness	Casual engagement with communities to comprehend how our operations affect their lives	Re-evaluated stakeholders to evaluate the actions taken and discover any new concerns
		Driven by principles of inclusiveness, materiality, responsiveness, and impact	

Apraava Energy’s Engagement with various Stakeholders

Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Areas
CLP Holdings Ltd.	CLP Holdings through its subsidiary holds 50% stake in Apraava Energy	Board Meetings	Periodically	Strategy & Policy Guidance
		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 subsidiary holds 50% stake in Apraava Energy	Board Meetings	Periodically	Strategy & Policy Guidance
		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
		Sustainability Report		
		Press Releases	Periodically	Project/business performance
		Investor Presentations	Quarterly	Banking and treasury need
		Corporate Websites	Periodically	
Quarterly and Annual Results	Quarterly			

Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Areas
Customers	Apraava Energy's services are received by customers	Top Management Interactions	Periodically	Understanding Customer Requirements
	Customer purchasing impacts utility sector survival	Techno-commercial Interactions		Generation and Dispatch Planning
	Apraava Energy offers environment-friendly, reasonably-priced energy solutions, that cater to the requirements of clients	Plant Visits Personal Visits		Resolving Technical and Commercial Issues Fair and Competitive Pricing Service Quality and Safety
Government and Regulatory Bodies	Regulatory bodies regulate business activities	Official Communication Channels	Periodically	Policy and Regulatory Matters
		Regulatory Audits and Inspections		Compliances and Clearances
		Compliance Reviews and Examinations by Regulators		Transparency in Disclosure
		Adherence to Regulations		
		Intervention in Policymaking		
Industry Associations	Trade associations advocate for members' interests	Dialogue with Organisations	Periodically	Thought Leadership
				Sharing of Best Practices



Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Areas	
Community	Trade associations facilitate research, best practices, and advocacy		Periodically	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			
Employees	Build an organisation of the future with engaged employees	One-on-one Interactions	Periodically	Communicating organisation's Purpose, Vision, Mission, Values	
		Town Halls (Open House)			Communicate organisational goals effectively
		Internal Communication channels (e-mail updates, Company Intranet)			
		Performance Feedback	Half-yearly	Employee involvement in organisational initiatives like Business Excellence & Sustainability	
		Large-scale Interactive Processes	Annual		Providing a unique and superior employee value proposition
		Focus Group Discussions			



Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Areas
Suppliers/Value Chain Partners	Aim to create sustainable value chain	Supplier and Vendor Meetings	Periodically	Fuel Supply
	Manage and limit overall Business Risks	Technical and Commercial Discussions		Competency Development of Local Suppliers
	Control costs, excel in service, mitigate risk			Contract Management
				Operations and Maintenance Reviews
				Product and Service Discussions
				Grievance Redressal Mechanism

Apraava Energy is geared to take on challenges in partnering with India in its clean energy mission. Through focused strategies, comprehensive risk analysis and mitigation, meaningful engagement with all stakeholders, and a steadfast commitment to traversing the low-carbon path, we are declaring our ambitions for a better world.

Knowledge Sharing Engagements with External Stakeholders

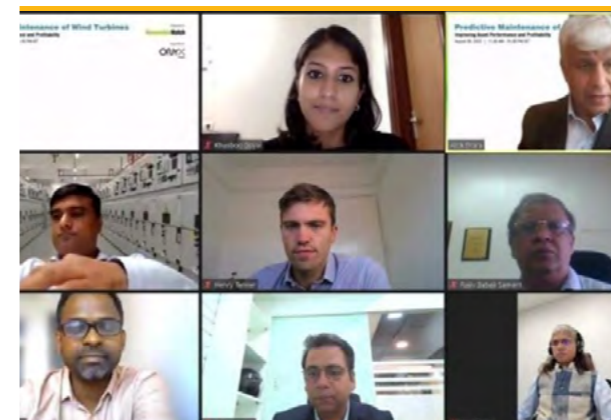
Apraava Energy believes in actively participating in knowledge exchange sessions where we are able to share learnings and best practises that have been implemented across the organisation while we take back new learnings. Senior leaders from the Company often speak at different forums on a wide range of power sector-related subjects.



Rajiv Ranjan Mishra, Managing Director, in a Panel Discussion at the CII Partnership Summit 2023 on "Enhancing Global Cooperation to Accelerate Net Zero Transitions".



Naveen Munjal, Director - BD & Commercial (Conventional), spoke at the 4th Annual India Coal Conference organised by Elekre Energy.



Niraj Shah, Head - Operations and Maintenance (Wind), Participated in a webinar organised by the Renewable Watch Magazine.



Shabbir Badra, Head of Information Technology - Presented his Thoughts at the 21st Annual Conference on "IT & OT in Power" organised by the Power Line Magazine.



Santanu Satapathy, Head of Environment and Sustainability - Moderated a Panel at Corporate Talk Series on Net Zero Transition by India Inc. hosted by the National Institute of Industrial Engineering (NITIE), Mumbai.

