

MATERIALITY AND STAKEHOLDER ENGAGEMENT

Materiality is integral to identifying and prioritising sustainability issues that matter to our stakeholders and could impact Apraava. It forms the basis of our strategic planning and promotes long-term value creation. We view materiality as key to understanding significant ESG issues that could impact our business and the environment. By using a thorough assessment framework, we can and have been proactively developing effective, sustainable solutions.

Our aim is to balance stakeholder interests and environmental considerations in all our business decisions, ensuring both operational efficiency and responsible corporate behaviour.

Apraava Energy's Materiality Assessment Framework

Evaluating Performance	Enables Apraava Energy to amplify value creation and highlight areas needing oversight and management
Enhanced Stakeholder Engagement	Facilitates a bilateral communication channel to comprehend stakeholders' expectations and their priorities
Equitable Resource Allocation	Maximises the use of budget, staff, and investments towards crucial sustainability concerns
Influence Reporting	Incorporates non-monetary issues into reporting, offering key insights into matters significant to the business and stakeholders
Informed Business Strategy	Synchronises risks and opportunities with the conclusions of the materiality assessment

After a thorough assessment of the results of Apraava Energy's extensive materiality evaluation in FY 2021-22, we concluded that key identified issues remain consistent for FY 2023-24 as well. It's worth noting that substantial shifts concerning such material issues typically do not occur in the utilities sector over a short span. Major alterations in the operating environment usually require a more extended period to manifest.

Material Issues Pertinent to Apraava Energy 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		



We analysed and examined the pertinence of each identified significant topic through the lens of ‘Double Materiality’– a philosophy that fuses Impact Materiality (impact of Company operations on material issues) and Financial Materiality (impact of material issues on financial performance of the Company) which was commenced in FY 2022-23. Double Materiality reporting sharpens our corporate transparency and helps us discern impact, aiding strategic planning.

The key findings, after discussions with senior management and stakeholders, are summarised below.

Double Materiality Analysis of Apraava Energy’s Material Issues

Topic	Impact Materiality (Inside-Out)	Financial Materiality (Outside-In)
Climate Change	We boost our clean energy output to tackle climate change and reduce air pollution. Our stable energy supply withstands climatic disruptions, protecting economies and communities.	Climate change may impact our business, causing asset damage, higher insurance fees, and carbon pricing. Our fossil fuel dependence can sway our valuation, and expose us to potential carbon taxation in the future due to high carbon emissions.
Water Management	We are committed to promoting water sustainability and conservation efforts through actions such as Zero Liquid Discharge (ZLD), Rainwater Harvesting (RWH), Water Status Study, Water Neutrality and awareness creation. We are taking measures to manage our water intensity through investment in low water intensive businesses.	Higher water dependence may disrupt operations and raise costs at our thermal power plant during shortages. Most of our solar and wind sites face risks due to extreme heat. Hence, improper water management will hamper the well-being of employees and workers at these sites, thereby lowering their productivity over time.
Air Emissions	Our thermal asset generates air emissions such as Particulate Matter (PM), Sulphur Oxides (SOx) and Nitrogen Oxides (NOx). We have installed a Flue Gas Desulphurisation (FGD) unit to manage such emissions in the long term.	Exceeding statutory air emission limits defined for thermal assets can invite penalties and damage brand value in the long term.
Waste Management	Improper waste handling can increase carbon emissions and cause land as well as water pollution.	Well-managed waste disposal reduces regulatory risks and associated costs.
Ash Management	Efficient fly ash utilisation supports a circular economy, while improper disposal poses health and environmental risks such as air pollution and respiratory problems.	Sale of fly ash generates revenue and promotes a circular economy.
Biodiversity	Loss of biodiversity can impede the ability of ecosystems to function effectively, leading to loss of flora and fauna.	Loss of biodiversity can cause land degradation and accentuate climate change related effects over time, leading to increase in climate change mitigation and adaptation costs.
Environment Compliance	Strict conformity with and efforts to go beyond regulatory environmental mandates, enables us to significantly mitigate our environmental footprint.	Non-compliance with environmental regulations can lead to monetary fines and damage to brand value.

Topic	Impact Materiality (Inside-Out)	Financial Materiality (Outside-In)
Safety & Well-being	Prioritising employee safety and health benefits our workforce, improves attendance, productivity, smooth operations and business efficiency.	Investment in digital safety incident reporting systems can lead to reduction in loss time injury rate and promote worker well-being onsite.
Supply Chain Management	We support local economies through domestic sourcing. Engagement with suppliers is a critical aspect of supply chain management to prevent delays in project execution due to supply chain disruptions.	Unsustainable practices in supply chain management can affect our costs, efficiency and quality, along with causing delays in project completion.
Community Engagement	Corporate Social Responsibility (CSR) initiatives aid in infrastructure development, environmental preservation, sustainable livelihoods and women and youth empowerment.	Properly managing social impact and community relations is vital to maintain our social license to operate.
Employee Engagement	Effective employee engagement leads to high job satisfaction, unity, productivity and a balanced work-life for our staff.	High turnover rate will have significant financial implications due to high costs of recruiting and training new employees.
Training and Skill Development	Investment in employee training is crucial for enhancing skills and productivity.	A workforce with low or poor skills cannot adapt to changes in the business environment and hamper growth of the organisation.
Diversity, Equity & Inclusion	Upholding diversity, equity and inclusion safeguards human rights and ensures fair participation.	DE&I fosters creativity and brings unique experiences to the Company.
Economic Performance	Growth in business leads to creation of job opportunities, better compensation and higher employee satisfaction.	Low economic performance dents morale of employees and fails to attract good talent for the business.
Operational Excellence	Enhancing operational excellence improves resource efficiency and reduces costs of inventory maintenance.	Operational challenges can cause delay in deliveries, causing increased OPEX and hamper brand image, impacting profitability
Digital Transformation	Digital fortification is crucial for protecting sensitive data.	A solid digital strategy adopts emerging technologies, diversifying revenue.
Risk Management	Identifying and mitigating risks allows us to adopt better economic, environmental, social, and governance practices.	Evaluating financial impacts of risks due to climate change and sustainability is significant for building long term sustainability strategy.
Data Security	Data security is important for protecting loss of sensitive and non-sensitive data and safeguarding intellectual property.	Data breaches can weaken the stakeholder confidence in governance and damage brand reputation. This is especially critical for customer-facing businesses such as AML.
Business Ethics, Integrity and Transparency	Operating a business with the highest standards of ethics and integrity builds brand value and promotes goodwill among stakeholders.	Unethical practices affect investor confidence, create mistrust among stakeholders regarding the leadership and reduce avenues for growth in the long term.

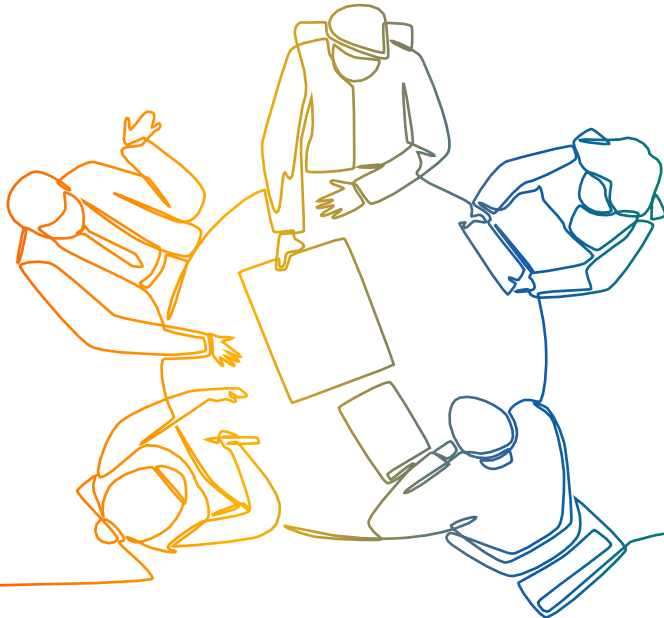


Fortifying Connections with Stakeholders

To fully integrate sustainability into a business, it’s crucial to nurture impactful relationships with stakeholders, understand their needs and views, and leverage them to shape sustainable growth strategies. Regular interactions with stakeholders can foster trust and transparency, reveal new prospects and harmonise business goals with their expectations, promoting mutual growth.

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 	Developed a graphic illustration to demonstrate the influence of stakeholders on value creation along with their level of interest.	We actively engage with both internal and external stakeholders through various methods such as workshops, surveys, and visits.	Opportunities are identified using feedback provided by stakeholders and development of a strategic action plan.
		We foster informal dialogues with communities to gain a comprehensive understanding of how our operations influence their lives.	A reassessment of our stakeholders was conducted to gauge the effectiveness of implemented action plans and to identify any emerging concerns.
	Our process of stakeholder mapping is underpinned by the firm’s strategic objectives, business context, emerging risk factors, and the efficiency of our operations.	Our approach is rooted in the principles of inclusiveness, materiality, responsiveness, and impact.	



Apraava Energy’s Stakeholder Engagement Framework

Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Area
CLP Holdings Ltd 	CLP Holdings, through its subsidiary, holds a 50% stake in Apraava Energy	Board meetings	Periodically	Strategic and Policy Guidance
		Committee meetings		Business Planning
		Business Review meetings		Innovation and New Business model
Caisse de dépôt et placement du Québec (CDPQ) 	CDPQ, through its subsidiary, holds a 50% stake in Apraava Energy	Board meetings	Periodically	Strategic and Policy Guidance
		Committee meetings		Business Planning
		Business Review meetings		Innovation and New Business model
Lenders 	Lenders provide debt capital and strengthen the Company’s financial stability during project expansion	Integrated Reports	Annually	Periodic Due Diligence, Compliance reports and Certificates
		Press Releases	Periodically	Project/Business Performance
		Investor Presentations	Quarterly	Banking and treasury needs
		Corporate Websites	Periodically	
		Quarterly and Annual Results	Quarterly	
Customers 	Apraava Energy’s services are received by customers	Top management Interactions	Periodically	Understanding customer requirements
	Customer purchases impact 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		Resolving Technical and Commercial Issues
		Personal Visits		Fair and Competitive Pricing
Government and Regulatory Bodies 	Regulatory bodies regulate business activities	Official Communication Channels	Periodically	Policy and Regulatory Matters
				Compliances and Clearances

Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Area
		Regulatory Audits and Inspections		Transparency in Disclosure
		Compliance Reviews and Examinations by regulators		
		Adherence to Regulations		
		Intervention in Policy making		
Industry Associations 	Trade associations advocate for members' interests	Dialogue with Organisations	Periodically	Thought Leadership
	Trade associations facilitate research, best practices, and advocacy			Sharing of Best Practices
Community 	Develop meaningful initiatives in partnership with communities and address their most critical needs	Need Assessment Studies		Integrated Village Development with focus on Youth and Women Empowerment
		Participatory Rural Appraisals		
		Community Investment Program		Local Community Development
		Review Meetings and Field Visits		
Employees 	Build an organisation of the future with highly 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 - MyGrid)		
		Performance Feedback	Half-yearly	Employee involvement in organisational initiatives like Business Excellence and Sustainability

Stakeholders	Purpose of Engagement	Consultation Mechanism	Frequency	Focus Area
		Large-scale Interactive Processes	Annually	Providing a unique and superior employee value proposition
		Focus Group Discussions		Employee Engagement
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
				Contract Management
				Operations and Maintenance Reviews
				Product and Service Discussions
				Grievance Redressal Mechanism
	Control costs, excel in service, mitigate risk			

