Stakeholder Engagement

Encouraging a healthy dialogue and strong relationships with all our stakeholders enables us to deliver on our objectives that contribute to the well-being of the Company. We are determined to create value for our stakeholders by aligning our decision-making process with their expectations and aspirations. We believe in periodic and transparent communication with all our stakeholders while fostering everlasting relationships with them. Keeping this in mind, we place heavy emphasis on cultivating a productive engagement exercise with all the stakeholders. This helps us manage stakeholders' expectations and concerns, thereby co-creating long-term value. Our enterprises impact various stakeholders such as employees, suppliers, customers, regulatory bodies, and channel partners.

We have adopted the following approach to ensure and incorporate our stakeholders' inputs in our strategies, address their concerns and focus on areas that need improvement.

Identification	Analysis or Prioritisation	Engagement and Colloboration
Identify individual or stakeholder groups who can impact or be impacted by our business activities directly or indirectly	Analyse and prioritise stakeholders based on the level of responsibility, impact dependence and influence on our business and vice-versa	Engage and collaborate with the stakeholders through a robust engagement plan based on the nature, concerns and aspiration of the stakeholder group to build constructive relationships that promote sustainable growth and mutually beneficial outcomes

The following is a list of the identified stakeholder groups and the process that has been put in place to regularly engage with them to learn about their respective concerns.

Key Stakeholder Groups	Significance	Engagement Platform	Frequency of Engagement	Stakeholder expectations/concerns	Our Approach
Board and Senior Leadership	They provide strategic guidance to the Company. They also oversee the Company's performance and risk management	• In-person and virtual meetings •	• Quarterly • Need-based	• Ethical business conduct • Robust financial performance • Sustainable and resilient business operations • Compliance with applicable regulatory requirements • Transparency in reporting and disclosure	• Update senior management on the overall performance of the organisation on financial and non-financial parameters
Investors	They provide financial capital to achieve long-term business growth and stability.	• Investor meets • Annual General Meetings • Periodic declarations on performance • Email • Earnings calls • Website • Press releases	• Quarterly • Need-based	• Economic and ESG performance • Long-term growth • Better return on investment • Debt servicing • Transfer of shares, issue of certificates and general meetings • Non-receipt of annual report • Transparent business practices	• Increased operating capacity with Godda plant commissioning • Utilised cash accruals to reduce debt, including pre-payment • Utilised untied capacities gainfully in the merchant and short-term markets

Employees	They execute operations and strategies. An engaged and productive workforce reinforces business competitiveness and market leadership.	• Direct interaction • Employee engagement/ feedback surveys • Power Talk • E-Sampark • Performance Management • Open forums • Rewards and Recognitions • Employee well-being programmes • Learning and development programmes • Grievance Redressal Mechanism •	• On-going	• Fair remuneration and equal opportunities • Skill development and career growth opportunities • Employee well-being • Rewards and recognition • Occupational health and safety • Work-life balance	• Timely salary payments • Zero tolerance for harassment and discrimination at workplace • Learning and development programmes • Employee wellness programmes • Robust rewards and recognition programmes • Safe working environment
Workers	They support in the continuity of business activities	• Direct interaction • Grievance Redressal Mechanism • Toolbox talks	• On-going	• Safe working environment • Timely and fair Payments • Safety training	• Ensuring a safe and healthy working environment • Timely wage payments • Safety training programmes

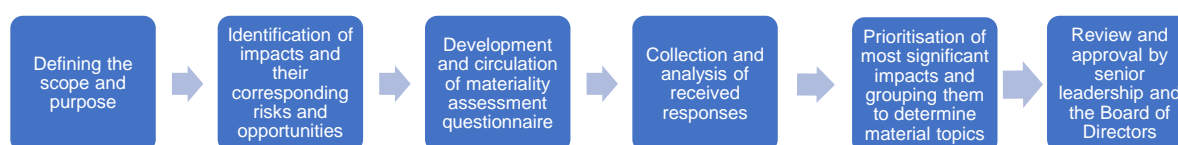| Suppliers and Business Partners	They are a critical part of the value chain. Strong relations secure availability at competitive prices and seamless operations.	• Emails and Meetings • On-boarding processes • Supplier Audits • Supplier assessment • Training workshops and seminars	• As and when required	• Timely payments and query redressal • Transparent dealing and fair opportunities • Long-term partnership • Capacity building	• Supplier Code of Conduct • Contractor Safety Management System • Responsible supply chain practices • Transparent and selection process • Performance and feedback reviews • Screening and assessment of suppliers on ESG parameters
Customers	They are essential for revenue generation and business sustainability. Customer-centricity strengthens relations and contributes to long-term success	• Direct Communication • One–on–One interaction • Emails • Seminars • Customer feedback surveys • Website • Electronic and print media • Customer grievance redressal mechanism	• On-going • Need-based	• Sustained power availability with minimal outage • Optimum electricity tariff • Planned maintenance • Modernisation and upgradation	• Technology, digitalisation and analytics to consistently maintain high cumulative availability • Ensured competitive tariffs • Met increasing power demand in states

Local Communities	They provide a social licence to operate. Prioritising inclusive growth fosters mutually beneficial relations.	• Meetings/discussions with local communities • Interactions with NGO partners and Communities • Need assessment • Community development programmes • Outcome assessment • Grievance Mechanism • Advertisements • Publications • CSR Report • Integrated Annual Report and Sustainability Report	• On-going • Need-based	• Employment and industry relation • Resource availability • Support in the utilisation of ecosystem services • Healthcare and educational support • Livelihood and employment opportunities • Access to clean water and sanitation	• Infrastructure development for water conservation • Programmes focused on providing quality education • Programmes focused on providing skill development and livelihood opportunities • Health camps and awareness sessions
Government and Regulators	They frame policies and regulations. Meaningful partnerships support a beneficial regulatory regime for industry growth.	• Policy Advocacy • Direct interaction with the regulatory bodies on a case–to–case basis • Regulatory audits and inspections • Formal dialogues • Integrated Annual Report	• On-going • Ned-based	• Compliance • Revenue • Taxes • Community development	• Ensuring compliance with applicable laws and regulations • Worked closely with regulators on policy advocacy • Timely tax payment • Aligning with national interests

Industry Bodies	They play a crucial role in presenting a unified perspective to the government on policy advocacy.	• Meetings • Conferences and seminars	• Need-based	• Advocacy on industry-specific topics and concerns	• Renewal of memberships • Collaboration with industry bodies
Media	They facilitate timely and transparent communication with stakeholders, building trust and reliability.	• Meeting in person or via call/virtual platforms • Press release • Interview • Website • Social media	• Need-based	• Transparency and credibility in the Company's dealings, operations and communications • Adherence to ethical practices	• Regular communication of progress through press releases and interviews
Academic and Research Institution	They facilitate access to the latest research, advanced technologies and innovative solutions.	• Periodic meetings	• Need-based	• Adoption of new technologies and solutions through innovation	• Investments in research and innovation

Double Materiality Assessment

We conducted a double materiality assessment this year. However, we annually review our materiality assessment to ensure that our material topics align with the evolving ESG landscape. We commenced a comprehensive double materiality assessment exercise. As a part of the exercise, we interacted with key internal and external stakeholder groups including investors, shareholders, customers, community members, academia, regulators, and media. The assessment was conducted in accordance with the GRI 3: Material Topics 2021 Standards and European Sustainability Reporting Standards (ESRS) General Disclosures. The double materiality assessment considered two dimensions— impact materiality and financial materiality. Compared to the previous assessment, we have added new topics such as Digitalisation, Data Privacy and Information Security, Employee Development and Talent Retention, Labour Practices, Diversity, Equity, and Inclusion, Supply Chain Management, and Lifecycle Management of Assets.

Approach to Materiality Assessment:

| Defining the scope and purpose | → | Identification of impacts and their corresponding risks and opportunities | → | Development and circulation of materiality assessment questionnaire | → | Collection and analysis of received responses | → | Prioritisation of most significant impacts and grouping them to determine material topics | → | Review and approval by senior leadership and the Board of Directors |

We initiated the assessment by defining the scope and boundary of our materiality assessment. This included the corporate office, thermal and solar plants, and subsidiaries (MEL and APJL).

From the perspective of impact materiality, we considered the context of our organisation, business operations, sector, and business relationships to determine our actual and potential impacts on the economy, environment, and people. These impacts were classified as positive and negative, reversible and irreversible, intended and unintended and short-term and long-term impacts. These impacts were further assessed to establish their significance and prioritise them based on severity (scale, scope, and irremediable character) and likelihood of occurrence.

| Scale	Scope	Irremediable	Likelihood
How grave/beneficial an impact is or could be.	How widespread the impact is or could be.	Determined only for the negative impacts based on how difficult is it to remediate the impact.	Determined only for the potential impact based on the chances of occurrence of impact.

To determine financial materiality, we identified corresponding risks and opportunities for the impacts and assessed their potential effects on APL's financial performance and position over the short, medium or long term. To assess the impacts, our senior leadership assessed the impacts

to determine the financial implications based on the likelihood of occurrence and potential financial effects of risk and opportunities.

The next step in the assessment process involved gathering inputs from identified stakeholders through the circulation of a materiality assessment questionnaire. The responses to the questionnaire we collated, and then analysed. Based on the analysis, material topics were prioritised and placed in a Materiality Matrix. Our senior leadership reviewed these material topics. We consider the topics identified as significant and include their mitigation action plans as a part of our enterprise risk management.

Key Material Topics Identified

Environment	Social	Governance
Air Emissions	Occupational Health and Safety	Digitalisation
Waste Management	Labour Practices	Risks and Crisis Management
Lifecycle Management of Assets		Data Privacy and Information Security
Biodiversity and Natural Resource Management		
GHG Emissions and Climate Change Management		
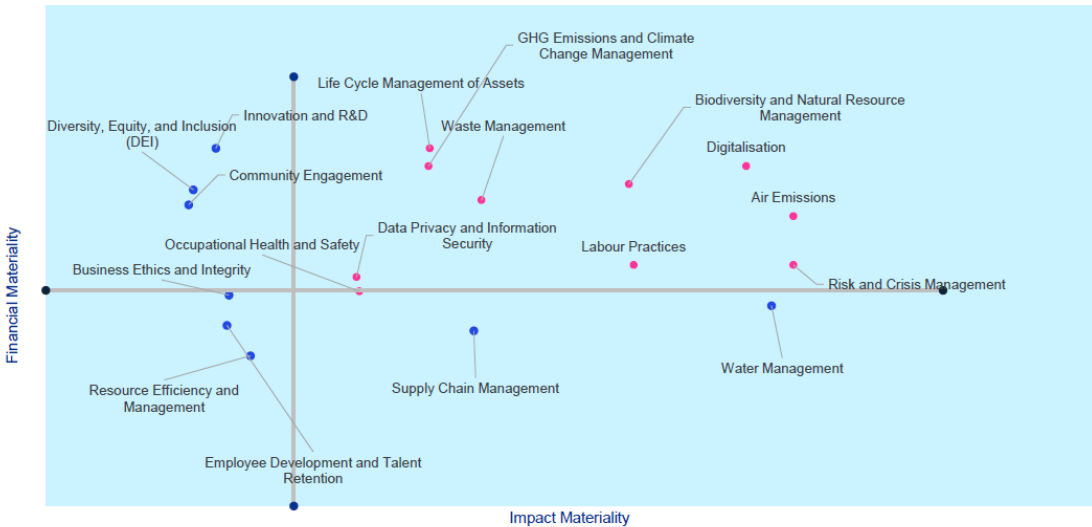
Impact Identification						
Material Topics	Impacts Identified	Description of Impacts	Type of Impact		Risk/ Opportunity	Approach to adapt or mitigate in case of risk
			Actual/ Potential	Positive/ Negative		

Air Emissions	Adverse impact on ecosystem, air quality, agriculture, and human and animal health.	Coal-based power plants emit various pollutants, including sulphur dioxide (SOx), nitrogen oxides (NOx), and particulate matter (PM), which contribute to air pollution. These pollutants can cause respiratory and cardiovascular diseases, leading to increased morbidity and mortality rates, for people living in the communities and surrounding vicinity of the power plants.	Actual	Negative	Risk	• We are continually adopting innovative technologies to optimally utilise coal and minimise air emissions. • We have also installed Flue Gas Desulphurisation (FGD) units at all of our operational plant sites.
Waste Management	Pollution due to waste disposal	Waste generated if not disposed of correctly may result in pollution of land, water and air. It may also pose regulatory and reputational risks in the long term.	Potential	Negative	Risk	• We recognise the importance of waste segregation from the initial stages, and our control measures ensure that relevant information is tracked until the final disposal stage.
	Accumulation of the heavy metals/metalloids in the vicinity of the power plant, and changes in the characteristics of the soil	The sites having a high pollution load increase the alkalinity of the surrounding soil due to the deposition of the fly ash emitted from thermal power plants. These plants also have emissions of larger and heavy solid particles, which increases bulk density and consequently, decreases the porosity of the soil.	Potential	Negative	Risk	• We strictly abide by the prevailing regulations and policies which prevent pollution and encourage better waste management. Further, we constantly engage in research which promotes sustainable practices, and remediate or manage soil contamination.
	Reducing the need for virgin materials through re-use	The reuse of waste as byproducts helps in effective waste management and reduces the effective need for virgin materials.	Actual	Positive	Opportunity	-

Life Cycle Management of Assets	Conversion of assets into stranded assets	Stranded assets in thermal power plants are those assets that are unable to earn their original economic return as a result of changes associated with the energy transition. Several factors could lead to assets becoming stranded. These include new government regulations that limit the use of fossil fuels (like carbon pricing); a change in demand (for example, a shift towards renewable energy because of lower energy costs); or even legal action against high emitters.	Potential	Negative	Risk	• We constantly integrate technology-based inventions and adopt relevant innovative energy solutions to ensure business continuity. • Our efforts are focused on the preservation of our assets while improving operational efficiencies.
Biodiversity and Natural Resource Management	Change in land use patterns	The construction of thermal power plants and excessive infrastructure can alter local landscapes and can impact biodiversity and natural landscape.	Actual	Negative	Risk	• Our policy ensures that we are committed to the 'No Net Loss' goal.
	Loss of habitat and degradation of the natural ecosystem	Coal based powerplants have the potential to have a negative impact on the surrounding environment and affect the mortality rate of the species present near thermal power plants, while also decreasing their reproductive capability.	Potential	Negative	Risk	• We have a formal biodiversity management system in place to ensure the conservation of biodiversity across all our operations and projects.

GHG Emissions and Climate Change Management	Increase in greenhouse gas emissions leading to climate change	GHG emissions from the operations can put the business under the scanner of regulatory bodies, NGOs, and activists for contributing to global warming. This can negatively affect the Company's bottom line.	Actual	Negative	Risk	• We have a four-fold plan and strategy to avoid negative impacts of our operations on the environment, leading to climate change – strict compliance to standards and regulations, continually measure our footprint to undertake realistic targets, integrate emission reduction technologies for all our operations, monitor and report to hold ourselves accountable to our performance and commitments.
	Reduction of carbon emissions through shadow pricing	Shadow pricing enhances strategic planning and further drives low-carbon investment, energy efficiency solutions, and innovative technologies, thereby changing internal behaviour and seizing low-carbon opportunities.	Potential	Positive	Opportunities	-
Labour Practices	Violation of human rights principles impacting stakeholders and brand reputation	Allowing child labour and forced labour or any other human rights-related aspects within the workforce may lead to statutory violations. Furthermore, any incidents of child labour or forced labour, human trafficking or any other such incidents occurring across the value chain may lead to deprivation of basic human rights.	Potential	Negative	Risk	• Alignment with the human rights principles will safeguard the employees and value chain partners, as well as safeguard the company from any non-compliance concerning International and National Human Rights Standards.
	Reduced risks of human rights violations through policies		Potential	Positive	Opportunity	

Occupational Health and Safety	Increase in hazards and accidents at the workplace	Power plant workers and employees may be exposed to hazardous chemicals, electrical shocks burn to gas explosions, and other hazards (fire, noise, working at heights, etc.) that can negatively impact their health and well-being.	Potential	Negative	Risk	• We have adopted and implemented Adani Group's Safety Management System to prevent work-related injury and ill health, minimise risks and have set an aim for 'Zero harm to life'.
Digitalisation	Reduce unplanned outages and downtime due to digitalisation	Digitalisation can help reduce the frequency of unplanned outages through better monitoring and predictive maintenance, as well as limit the duration of downtime by rapidly identifying the point of failure. It can further help achieve greater efficiencies through improved planning, increased energy efficiency in power plants and lower loss rates in networks, as well as better project design throughout the overall power system.	Potential	Positive	Opportunity	-
Risk and Crisis Management	Long-term value creation through effective risk and crisis management practices	Risk management is the systematic process of identifying, assessing, and mitigating threats or uncertainties that can affect an organisation. It involves analysing risks' likelihood and impact, developing strategies to minimise harm and monitoring	Potential	Positive	Opportunity	-

		measures' effectiveness. When an organisation develops a Risk management plan, it identifies risks across all attributes, which helps them to devise a strategy to manage and mitigate them. This helps in increased preparedness and awareness about possible risks in the future while creating long-term value for the stakeholders.				
Data Privacy and Information Security	Earn the trust of employees and customers through enhanced IT security systems	By prioritising IT security and investing in robust defenses, APL is able to earn the trust of employees and customers, differentiate themselves from competitors and create a resilient foundation for long-term value creation.	Actual	Positive	Opportunity	-
	Threat to data safety due to potential lacunae in IT systems	Instances of information security breaches could lead to the loss of sensitive data of customers including personal information. It could also lead to negative publicity and increased media scrutiny resulting in a loss of stakeholder trust, company reputation and regulatory fines or penalties.	Potential	Negative	Risk	• We have implemented SOPs and policies, conducting periodic internal and external (third-party) audits and tests to check the resilience of the IT infrastructure from hackers, cyber-attacks, malware, etc.

We measure output as well as Impact metrics for our top material topics that are identified. We have also taken targets for the top material topics, and we measure and report our performance through our Annual Report.

Material topic	Associated Target	Output Metric	Impact Metric	Cause of the Impact	External stakeholders evaluated
GHG Emissions and Climate Change Management	• We monitor our performance continuously in terms of specific emissions and set internal targets for our operations and set a cumulative target for the Company. • We have also set a target for reducing GHG emission intensity to 0.84 tCO2e/MWh by the year 2025.	• GHG Emissions Intensity	• 72% capacity super/ultra-supercritical technology	Business Value Chain: • Operations • Products/Services • Supply Chain	• Environment • Society • Consumers/ end-users • External employees (e.g. supply chain, contractors)
Waste Management	• Single-use plastic-free certification for 100% of the operation locations by FY 2024-25. • We have set quantified targets to reduce our waste generation intensity by 5% annually. Moreover, our waste diversion from landfills is certified by an independent accredited body, demonstrating our commitment to responsible	• Waste Intensity	• Over 100% increase waste sent for recycling/reused	Business Value Chain: • Operations • Products/Services • Supply Chain	• Environment • Society • External employees (e.g. supply chain, contractors)

	environmental stewardship. • We have entered into a long-term agreement with M/s. Ultratech Cement & RCCPL Pvt. Ltd. for ash utilisation by rake up to 2029.				

Executive Compensation

Sustainability targets for the entirety of operations across all regions are integral to the annual Key Responsibility Areas (KRAs) of the senior management, which are then cascaded down to the performance indicators of line management. We have designed a comprehensive suite of incentives to recognise and reward employees who contribute to reducing our environmental impact and achieving our climate-related goals. Our climate-related management incentives are structured to encourage and reward behaviour that supports our commitment to sustainability.

We have established Key Performance Indicators (KPIs) related to climate change that are directly linked to both financial and non-financial benefits for our executives. The KPIs of the CEO, including reduction in emission intensity and energy efficiency improvements, are tied to financial rewards. Meanwhile, the KPIs of the CSO such as a behaviour-related indicator, company performance against a climate-related sustainability index, efficiency projects, efficiency targets, emissions reduction projects, and energy reduction targets, are linked to non-financial benefits.

The KPIs of the Environment/Sustainability Manager, including progress towards a climate-related target, implementation of emissions reduction initiatives, reduction in emissions intensity, and energy efficiency improvement, are also tied to financial rewards. Additionally, the Process Operation Manager has access to non-financial incentives for implementing emissions reduction initiatives, energy efficiency improvements, reducing total energy consumption, and increasing investment in low-carbon research and development.

These incentives are designed to drive behaviour change and promote a culture of sustainability across the organisation. By recognising and rewarding individual and team performance on climate-related goals, we can make progress towards our climate commitments and climate transition plan. Our climate-related management incentives also align with our organisational values and contribute to our overall sustainability strategy.