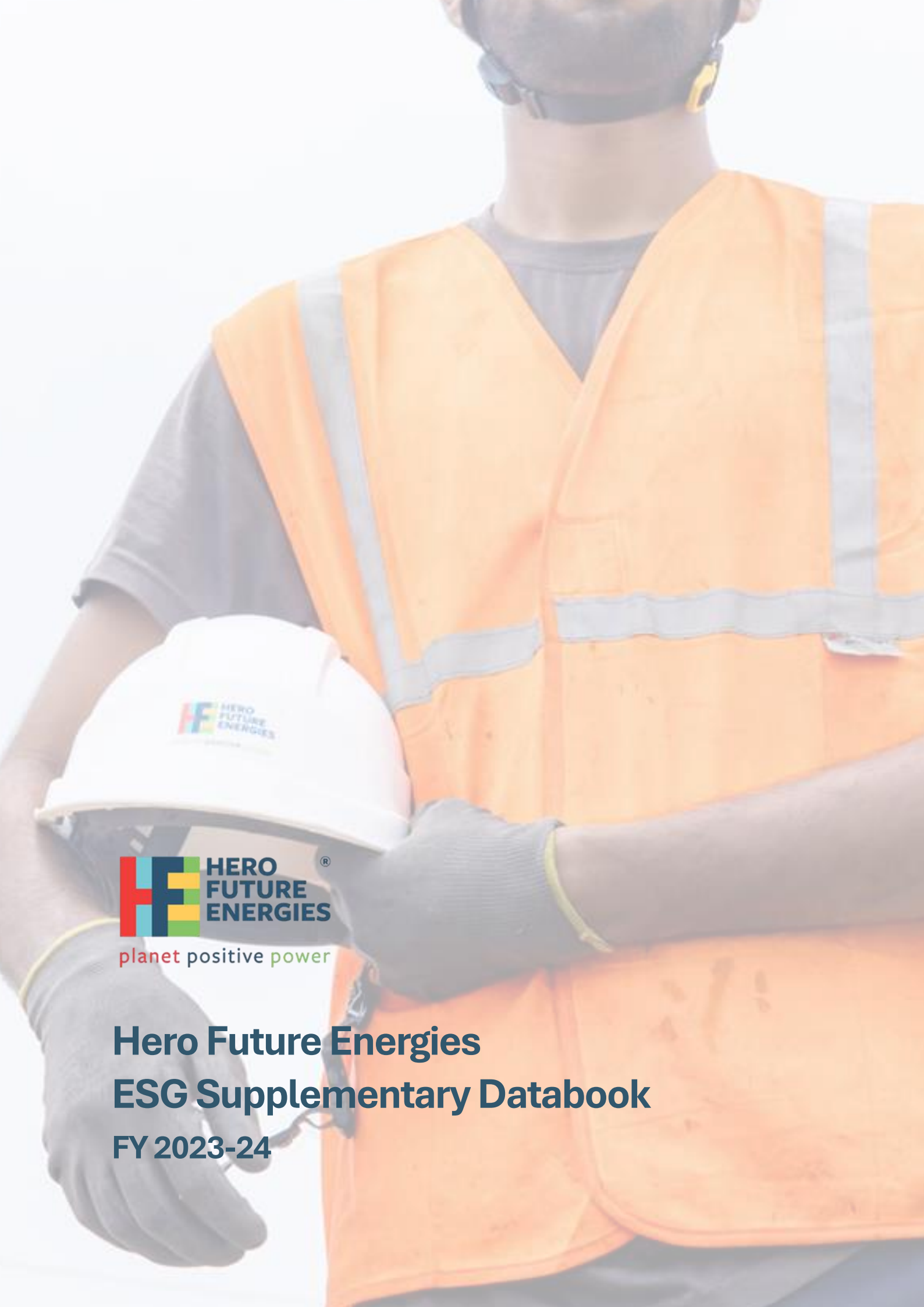


HERO FUTURE ENERGIES®

planet positive power

Hero Future Energies
ESG Supplementary Databook
FY 2023-24

Company Overview

Company Data	FY21	FY22	FY23	FY24
Revenues in reporting currency (Rs. millions)	13,265.42	15,774.56	14,645.05	14,617.65
Revenues (USD millions)	181.30	207.83	178.38	175.38
Total Employees	318	288	191	269
MWh	28,44,890	29,89,800	30,28,070	31,44,240

Governance KPIs

Corporate Governance

Board Effectiveness (DJSI 1.2.6)

Board Meeting Attendance Number of meetings attended in percentage last business/fiscal year.	Average board meeting attendance:	91.70%
	Minimum of attendance for all members required, at least (in %)	25%*
Board Mandates Number of other mandates of the board of directors/ supervisory board members. This only applies to non-executive and independent directors, not executive directors or employee representatives.	Number of non-executive/independent directors with 4 or less other mandates:	4
	The number of other mandates for non-executive/ independent directors is restricted to:	20
Board Performance Review Performance assessment of board of directors/ supervisory board members.	The Company's Nomination and Remuneration Committee conducts regular self-assessments of board performance**	
Board Election Process	Board members are elected individually (as opposed to elected by slate)	

** As per the Companies Act, 2013, the board conducts annual self-assessments based on pre-determined KPI's and KRA's.

* As per legal obligations, the Company imposes minimum attendance requirements on our directors.

Average Board Tenure (DJSI 1.2.7)

Average Tenure of board members in years	2

CEO Compensation- Success Metrics (DJSI 1.2.9)

CEO compensation is based on both financial and non-financial performance indicators. Safety, Financial performance, Project execution, fundraising and investments. Performance across these metrics have an impact of CEO compensation.

CEO-to-employee pay ratio (DJSI 1.2.15)

Employee Compensation	Median Employee Compensation	Mean Employee Compensation
Median or Mean annual compensation of all employees except the Chief Executive Officer (or any equivalent position):	14,49,998	24,20,994
The currency used in the table:	INR	INR

Risk and Crisis Management

Emerging Risks (DJSI 1.4.2)

Area	Emerging Risk 1	Emerging risk 2
Risk Name	**Supply chain dependencies on imports**	**Rapid technology obsolescence**
Category	Geopolitical	Technological
Description	Chinese import tariffs and rising concerns of US import tariffs on parts that are vital for operations and construction of new sites has led to increasing concerns that Companies will have to find new avenues to maintain supply chains and avoid severe disruptions. Currently, the majority of our crucial material suppliers are based in foreign nations. With American trade wars taking shape, targeting southeast Asia and Europe, this could prove detrimental when it comes to our critical suppliers.	Battery storage and electronic parts of the value chain in renewable energy generation devices are updating rapidly in terms of technological efficiencies or performance metrics. With the rise of AI, the risk of technology obsolescence is rapidly scaling. Due to market entry lag of new technologies in India, keeping up with the competition is becoming a greater challenge impacting our competitiveness in the market.
Impact	**Negative**	**Negative**
Mitigating Action	We are working towards developing local suppliers into our value chains and adopt processes such as upcycling of materials; by using this approach, the company can mitigate these risks to a degree	We intend to develop in-house R&D capabilities and develop innovative solutions such as micro grids and energy solutions that offer hybrid models of wind, solar and storage solutions.

	where severe disruptions are not a highly likely scenario.	

Business Ethics

Code of Conduct (DJSI 1.5.2)

Apart from our public policies, our internal Employee Handbook covers topics including the whistleblower mechanism and our commitment to sustainability, the environment, health and safety. Our 'Green Code' details best practices and office SOPs for equipment use such as unplugging appliances and water management practices. We also have policies on laptop recycling.

For whistleblowers, the company has the following actions:

Fill the Whistleblowing Form available at Hero Future Energies website (Link: https://www.herofutureenergies.com/whistleblower-policy). This Form allows individuals to remain anonymous.

• Send emails at whistleblower@herofutureenergies.com; complaints sent to this ID are handled by an independent third party.

• Raise the concern in person to the Head of Risk & Internal Audit.

Code of Conduct: Systems/Procedures (DJSI 1.5.4)

The Company's internal employee handbook provides a comprehensive guide to how employees at Hero Future Energies are expected to carry themselves in the office setting. The Handbook has SOPs and guidelines on behaviours, with reporting lines, responsibilities and accountabilities defined for complaints, grievances and any other required forms of communication in case of queries regarding the employee handbook. Each section also details, ombudsman and help desks for queries concerning the employee handbook. Our employee performance and appraisal cycles also incorporate adherence to the handbook as one of the KRAs for every employee. In case of breaches of the employee handbook and associated policies, a defined escalation process and consequent actions are also clearly defined in the same.

Reporting on Breaches (DJSI 1.5.5)

Reporting areas	Number of breaches in FY24
Corruption or Bribery	0
Discrimination or Harassment	0
Customer Privacy Data	0
Conflicts of Interest	0
Money Laundering or Insider trading	0

Policy Influence

Contributions and other spending (DJSI 1.6.1)

Association Type	FY23	FY24
Lobbying, interest representation or similar	0	0
Local, regional or national political campaigns/organizations/candidates	0	0
Trade associations or tax-exempt groups (e.g. think tanks)	40,00,000	1,02,50,000
Other (e.g. spending related to ballot measures or referendums)	0	0
Total contributions and other spending	**40,00,000**	**1,02,50,000**
Data coverage (as % of the denominator, indicating the organisational scope of the reported data)	100	100

Largest Contributions and Expenditures (DJSI 1.6.2)

Topic	Corporate Position	Description of Position/Engagement	Total spent in FY24
Partnering for sustainable and inclusive growth	We support major institutions and industry bodies in joint knowledge ventures to support sustainable and inclusive growth	An active member of the association	40,00,000
Advancing RE technologies for ecosystem decarbonization	We are part of multiple renewable energy coalitions that act together to promote the adoption of renewable technologies across market sectors in India	An active member of the association	62,50,000

Supply Chain Management

Supplier Assessments (DJSI 1.7.4)

We recently conducted our pilot supplier assessment initiative, aiming at assessing over 50% of our tier 1 significant suppliers by procurement spend. This pilot was aimed at assessing our suppliers using surveys containing questions related to their financial and non-financial performance indicators. We will be implementing this assessment for all our tier-1 suppliers in the upcoming financial year.

KPIs for Supplier Screening (DJSI 1.7.5)

Supplier Screening	FY24
1.1 Total number of Tier-1 suppliers	33
1.2 Total number of significant suppliers in Tier-1	9

1.3. % of total spend on significant suppliers in Tier-1	97
1.4 Total number of significant suppliers in non-Tier-1	0
1.5 Total number of significant suppliers (Tier-1 and non-Tier-1)	9

KPIs for Supplier Assessment and/or Development (DJSI 1.7.6)

Coverage and progress of supplier assessment programs

Supplier Assessment	FY24
1.1 Total number of suppliers assessed via desk assessments/ on-site assessments	18
1.2 % of unique significant suppliers assessed	100
1.3 Number of suppliers assessed with substantial actual/ potential negative impacts	5
1.4 % of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	20
1.5 Number of suppliers with substantial actual/potential negative impacts that were terminated	4

New Market Opportunities

New business opportunities (Electricity and Multi-utilities) (DJSI 1.9.1)

Demand-side Management (Industrial/Commercial customer)

Load Optimization	
Micro-grids, virtual power plants	**Large-scale storage (>100 kWh)**
Supporting remote and underserved areas, our micro-grid energy storage systems store excess renewable energy generated from small-scale solar and wind installations. These solutions enhance energy access and aid in decarbonization, providing efficient and sustainable energy for communities that are off the main grid.	Enhancing grid stability and efficiency, our utility-scale energy storage systems capture excess energy from wind and solar power plants during low-demand periods. This stored energy is then used during peak demand times, ensuring a consistent and stable energy supply while enabling greater integration of renewable energy into the national grid.

Current Investment Budget (DJSI 1.9.2)

Area	FY24 Budget	FY30 Budget
Renewable Energy	100%	100%

Revenues from new business opportunities (DJSI 1.9.3)

	Currency	FY23*	FY24*
Revenues from energy / gas / water-related products and services	INR	0	0

*The average time of project maturity from RFP stage for utility scale projects is of 2 years duration, the revenues from projects and tenders onboarded in FY2023-24 will not reflect until FY2025-26.

Percentage of revenues from such products and services compared to total revenues from electricity, gas and water business in 2023:	90%

Smart Meter Penetration (DJSI 1.9.4)

Percentage of metering devices that are smart meters:	Not applicable*

***We are a power generation company and have no business in the distribution sector hence this does not apply to us

Environmental KPIs

Environmental Policy and Management Systems

Environmental Policy and Commitments (DJSI 2.1.1)

We are dedicated to enhancing environmental performance through measurable targets and regular reviews. We ensure staff receive training and understand our environmental policy while engaging stakeholders in our environmental goals. Our efforts focus on conserving the physical environment and preventing pollution, adhering to all environmental regulations, and promoting sustainability through our Green Code and 3R principles. We assess climate change impacts to guide our development strategies, reduce GHG emissions by integrating more renewable energy, and support local sourcing to lessen environmental impact. The Chief Executive Officer, backed by the Board of Directors, is responsible for the company's environmental performance, with a corporate-level HSE department headed by the HSE Manager—who reports to the Managing Director and CEO—overseeing HSE issues across all sites; an E&S supervisor reports to the HSE Manager, while a Site In-charge, representing HFE at the site level, oversees contractors on all related issues, including E&S.

Coverage of Environmental Management Policy (DJSI 2.1.2)

Our policy is followed and implemented by employees, contractors, clients, stakeholders, and the communities in which they operate. The Environment and Social Management System (ESMS) applies to:

- **Operational Wind and Solar Projects**: These projects must implement the ESMS requirements and Corrective Action Plans derived from Due Diligence Audits.
- **Projects in Construction or Advanced Land Acquisition Stages**: An Environmental and Social Impact Assessment (ESIA) study, along with the implementation of an

Environmental and Social Action Plan (ESAP), is conducted in the early stages. Projects in advanced stages require Environmental and Social Due Diligence (ESDD) and must implement the Corrective Action Plan (CAP) as per ESMS commitments.

- **Projects Undergoing Land Acquisition**: These projects must ensure adequate consultation and appropriate offsets for affected habitations.
- **Future Projects**: All future projects will require an ESIA and must comply with ESMS requirements.

Verification of Environmental Programs (DJSI 2.1.3)

Certification	Coverage
EMS is verified through international standards (e.g. ISO 14001, JIS Q 14001, EMAS certification). Please specify:	0
Third party certification / audit / verification by specialized companies. Please specify:	20%
Internal certification / audit / verification by company's own specialists from headquarters. Please specify:	80%
Total	**100%**

Our EHS Manager regularly reviews and audits the Environment and Social Management System (ESMS). Our Environment and Social Management Plan (ESMP) is prepared by the proponent, either through a consultant or environmental specialist with sufficient knowledge of the environmental and social issues related to the Wind or Solar Power sector. Ideally, the consultant should have a strong understanding of the legislative structure of the country and a detailed understanding of the IFC Performance Standards.

Environmental Violations (DJSI 2.1.4)

We have no open show cause or legal notices, or penalties imposed by regulatory agencies for safety and environmental violations. The Company is compliant with all applicable environmental laws and regulations. We have not paid any fines or penalties on environmental or ecological issues in the past four fiscal years.

Public availability of EIA/ SIA results (DJSI 2.1.5)

Before commencing work, we undertake a third-party Environmental and social impact assessment (ESIA) of each project site. The ESIA is aligned with guidelines prescribed by the International Union for Conservation of Nature (IUCN). Our Environmental and Social Management System (ESMS) provides a standardized framework to screen projects for potential negative environmental or social impacts and identify appropriate mitigation measures to avoid, minimize, or compensate for these impacts. It also ensures that the implementation of mitigation measures and their effectiveness is monitored and impacts arising during the execution of the project are addressed adequately. Hard copies of the ESIA/ESMPs are made available to contractors in accessible locations. Soft copies of the ESIA/ESMPs are also provided to IFC to be disclosed on its website. Additionally, ESIA reports are also available at: https://www.herofutureenergies.com/esia-reports

Energy

Energy Management Programs (DJSI 2.2.1)

We conduct assessments of our energy consumption to identify opportunities for improving energy performance and monitor our progress in reducing consumption. Currently, 64% of our energy comes from renewable sources, and we are actively implementing measures to optimize energy use through energy-efficient equipment. Regular training sessions are provided to employees to promote the judicious use of energy and raise awareness about energy reduction strategies.

Energy Consumption (DJSI 2.2.2)

Category	Unit	FY23	FY24
Total Non-Renewable Energy	MWh	6,036.38	5,274.98
Renewable Energy	MWh	8,192	9,224
Total Energy	MWh	14,228.38	14,498.98

Waste & Pollutants

Waste Management Programs (DJSI 2.3.1)

We have implemented action plans to reduce waste generation and limit single-use plastics to zero, including providing waste reduction training to employees and integrating recycling programs to minimize landfill waste.

Hazardous and Non-Hazardous Waste generated and disposed (DJSI 2.3.2, 2.3.3)

Total Waste-Generated Categories	UOM	FY23	FY24
Hazardous (Includes Oil-Soaked Cotton, Grease, used Oil)	MT	53.35	38
E-Waste (Solar Modules and Other Electronic Items, Battery Waste, Battery Waste)	MT	23.14	33.19

Non-Hazardous Waste Disposed	UOM	FY23	FY24
Total waste recycled/reused	MT	23.14	33.19
Total waste disposed	MT	0	0
Hazardous Waste Disposed	**UOM**	**FY23**	**FY24**
Total waste recycled/reused	MT	0	0
Total waste disposed (Waste incinerated without energy recovery)	MT	53.35	38

Water

Water Efficiency Management Programs (DJSI 2.4.1)

We have developed action plans to reduce water consumption by adopting robotic cleaning for panel maintenance and implementing rainwater harvesting systems to recharge underground

aquifers. These water harvesting systems help minimize the impact of our operations in areas where groundwater is used. We provide awareness training to employees on water efficiency management programs and have established targets to achieve water neutrality by 2026.

We have conducted water stress assessment aligned to the TCFD framework. We used the WRI Aqueduct tool to assess water stress at our 42 sites. We input each site's coordinates, retrieved "Baseline Water Stress" values, and categorized them (Low to Extremely High) under different scenarios(pessimistic and business as usual) and timeframes(baseline 2020, 2030 and 2050). We then analysed the distribution of these categories to identify high-risk locations, evaluating potential impacts on solar panel cleaning and operational water needs. This allowed us to develop targeted water management strategies, prioritizing sites with high water stress for mitigation.

Water Consumption (DJSI 2.4.2)

Water Sources	Unit	FY23	FY24
Municipal water supplies (or from other water utilities)	KL	18,032.98	13,743
Fresh surface water (lakes, rivers, etc.)	KL	0	0
Fresh groundwater	KL	80,360.10	102,080
Total Withdrawal	KL	98,393.08	115,823
Total water discharged	KL	0	0
Total water consumed	KL	98,393.08	115,823
Specific water consumption	KL/million INR	6.72	7.92

Water Consumption in Water-Stressed Areas (DJSI 2.4.3)

Water consumption in water-stressed areas	UOM	FY24
Total net freshwater consumption in water-stressed areas (Total water withdrawals – Total water discharges)	million cubic meters	0.05

Business Impacts of Water-Related Incidents (DJSI 2.4.4)

Incidents	Currency	FY21	FY22	FY23	FY24
Total actual and opportunity costs (e.g. forgone income) from water-related incidents	INR	0	0	0	0

Exposure to Water-Stressed Areas (DJSI 2.4.5)

Description	FY24
No. of production plants in last FY in water-stressed areas (e.g. <1700 m3/(person*year))	24
Total No of production plants in last FY	42
% of production plants in last FY in water-stressed areas (e.g. <1700 m3/(person*year))	57.14
% of Cost of goods sold (COGS) in last FY (if applicable)	Not applicable

Water Risk Management Programs (DJSI 2.4.6)

In our water risk management programs, we prioritize identifying and mitigating water-related risks within our own operations. This involves a comprehensive risk assessment that considers both impact-related and dependency-related water risks. By evaluating the potential impacts of our operations on local water resources and understanding our dependency on these resources, we can implement effective mitigation strategies. Additionally, we proactively assess future potential regulatory changes at the local level to ensure compliance and adapt our practices accordingly. This approach enables us to manage water risks effectively, safeguarding both our operations and the surrounding communities.

Climate Strategy

Direct Greenhouse Gas Emissions (Scope 1) (DJSI 2.5.1)

	FY21	FY22	FY23	FY24
Scope 1 in tCO2e	673	1,139	420.03	477.21

Indirect Greenhouse Gas Emissions (Scope 2) (DJSI 2.5.2)

	FY21	FY22	FY23	FY24
Scope 2 in tCO2e	170	3,474.98	3,214.88	2,463.04

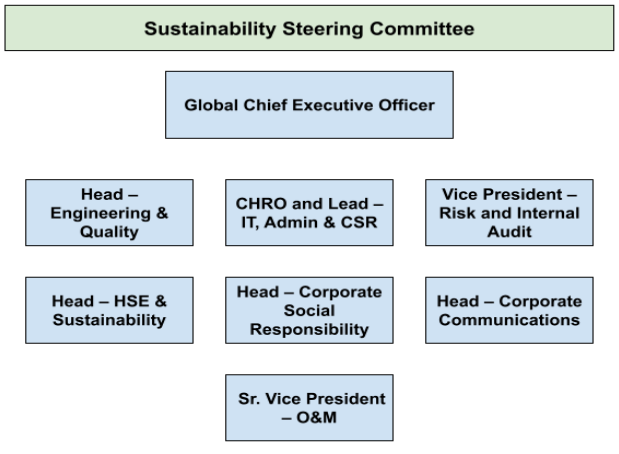
Indirect Greenhouse Gas Emissions (Scope 3) (DJSI 2.5.3)

We have started reporting our scope-3 emissions from FY2023- 24. Our Scope 3 emissions for FY2023- 24 were 34,326.57 MTCO2e.

Scope 3 Category	UOM	FY24
Purchased Goods and Services	MTCO2e	33,496.90
Capital Goods	MTCO2e	300.20
Waste generated in operations	MTCO2e	11.09
Business travel	MTCO2e	164.38
Employee commuting	MTCO2e	354

Climate Governance (DJSI 2.5.5)

Our company has maintained and sustained our position on sustainable business practices. To that end, we have developed effective structures and mechanisms to adopt sustainability in our operations. Our Board actively oversees ESG and climate-related matters, demonstrating a strong commitment to integrating these considerations into decision-making processes. By prioritizing the materiality and significance of ESG and climate-related factors, the Board ensures that



these issues are thoughtfully addressed at every level. The Board-level risk committee plays a pivotal role by incorporating ESG risks, including those related to climate change, into the existing Enterprise Risk Management (ERM) framework, facilitating their effective identification, assessment, and management. A director with relevant skills supports the Board on sustainability and climate-related matters, holding management accountable. The Board reviews and approves significant environmental, social, and climate-related decisions. It monitors non-financial data, ensuring ESG and climate factors are integrated into the risk management framework. The Board oversees stakeholder relationships and aligns ESG policies with the company's purpose and strategy to create long-term value. It also ensures the company's purpose is communicated to all stakeholders. The sustainability Steering Committee advises the Board on the company's overall environmental, social, and climate performance.

The dedicated Sustainability Steering Committee (SSC) oversees the implementation of policies, practices, and initiatives concerning sustainability integration. The SSC is overseen by our CEO and comprises departmental heads from our ESG, risk, engineering, CSR, IT, and other functional teams. The steering committee is responsible for overviewing the company's sustainability strategy, reviewing progress on targets, providing guidance to our functional heads, and conducting evaluations via internal checks and balances to ensure that departments do not waver from their internal targets. The committee meets every 6 months to table sustainability agendas and discuss KPIs and strategies to assess the way forward. Hero Future Energies provides all employees with training on sustainability-related topics and has had employees attend sustainability core trainings from the Confederation of Indian Industries (CII). Our principal contractors that operate our projects are ISO 14001 certified.

Climate-Related Management Incentives (DJSI 2.5.7)

Our company's management incentivization scheme is thoughtfully designed to encourage and celebrate sustainable value creation over the long term. A key component of this initiative is the recognition of employees through Individual Environmental Responsibility (IER) Awards, which honour their contributions toward environmental stewardship and sustainability. By adhering to the Green Code, employees demonstrate their commitment to these values. Their achievements are rewarded with IER accolades, such as a premium meal vouchers and an official certificate, acknowledging their dedication to sustainability efforts and inspiring others to follow suit. Vendors are also recognized during onboarding, where all vendors are evaluated based on parameters in our onboarding checklist. We have a framework to categorize suppliers as sustainable.

Climate Risk Management (DJSI 2.5.8)

We employ a detailed approach to climate risk management, and our approach is aligned with the TCFD framework. It begins with identifying risks by analysing historical data and industry reports for its operational areas (Rajasthan, Andhra Pradesh, Karnataka). The company assesses the likelihood and impact of these risks through scenario analysis, considering various climate scenarios (i.e., SSP1-2.6, SSP5-8.5). Financial and operational impacts are quantified to prioritize risks and allocate resources effectively. Mitigation strategies focus on enhancing infrastructure resilience, improving energy efficiency, and raising awareness among employees and stakeholders, using both structural (e.g., resilient infrastructure) and non-structural (e.g., process modification) approaches. The cost-effectiveness and feasibility of adaptation options are also evaluated. Lastly, we monitor progress, track grievances, and transparently report outcomes to stakeholders.

We identify both acute and chronic risks through a comprehensive assessment that spans our operations. These risks are analysed for short- and medium-term impacts, with broad categories such as emerging regulation, technological changes, legal challenges, market dynamics, and regulatory factors being closely examined. The probability of these risks occurring is determined using information sourced from both the public domain and the company's internal data, ensuring a well-rounded and informed evaluation process.

Climate Risk Assessment:

Our framework addresses both physical risks, such as extreme weather events, rising sea levels, and temperature fluctuations, and transitional risks linked to the shift toward a lower-carbon economy, including regulatory changes and evolving consumer preferences. Physical risks are assessed using the IPCC's sixth Assessment Report (AR6), while transitional risks are evaluated through scenarios from the International Energy Agency (IEA).

Through a comprehensive climate risk assessment process, we strengthen adaptability, safeguard operations, and reaffirm our commitment to sustainability. Continuous evaluation ensures we stay ahead of industry standards while contributing positively to communities and the environment.

The process evaluates exposure, impact, and adaptive capacity. Exposure, classified as low, medium, or high, is determined based on hazard indicators, reflecting the vulnerability of assets to climate threats. This structured approach ensures resilience and proactive risk management.

Climate-Related Scenario Analysis (DJSI 2.5.11)

- **Physical Risks:** We have identified two primary scenarios for physical risks:
    - **SSP1-2.6**: This scenario assumes stringent policy measures to limit global warming to a maximum of 1.8°C by 2100, focusing on proactive adaptation and mitigation strategies.
    - **SSP5-8.5:** A business-as-usual scenario where relaxed policy measures lead to a temperature rise of nearly 5°C by 2100, necessitating robust adaptation measures to manage severe climate impacts.
- **Transition Risks:** Transition risks are assessed under scenarios that consider the shift towards a low-carbon economy:
    - **Net Zero Emissions by 2050 (NZE):** Outlines a pathway to achieve net zero emissions by 2050, aiming to limit global temperature rise to 1.5°C by 2100.
    - **Stated Policies Scenario (STEPS):** Reflects the impact of existing and announced policy measures. Projects a temperature rise of about 2.7°C by 2100.
- **Time Periods considered are:**
    - By 2030 – Short Term
    - By 2050 - Medium Term

2.5.9 Financial Risks and Opportunities arising from Climate Change (DJSI 2.5.9 and DJSI 2.5.10)

Physical Risks: Physical risks are event-driven (acute) or longer-term shifts (chronic) in climate patterns. Acute risks include extreme weather events, such as hurricanes or floods, while chronic risks refer to risks such as sea level rise or heat waves.

Climate Hazards	Risk Indicators	Time Period	Business Impact	Financial Impact
Extreme Heat	Extreme heat days	Medium term	• Reduction in solar photovoltaic efficiency with an increase in temperature, leading to lower energy production and revenue • Extreme heat can also cause turbines to shut down to prevent overheating and mechanical damage	• Reduction in solar photovoltaic efficiency with an increase in temperature, leading to lower energy production and revenue by 2030, ₹229.81 Mn • Revenue loss due to reduced solar output • Cost of repairing overheated, damaged equipment • Revenue loss by wind turbines due to the disruption caused by damaged equipment • Investment in heat-resistant coating for solar panels in heat-stress regions
Water stress	Water stress in the region	Short term	• The present scenario projects a shortage of water for our location, which can lead to a high cost of purchasing water and Investment in waterless robotic cleaning equipment. • Regulatory compliance with water use restrictions imposed by local and regional authorities during times of water stress	• Increased capital expenditure (required to adopt water-efficient/conservation measures) • Increased operational expenditure (due to a rise in water prices)

Transition Risks: These include policy and legal risks, market and economic risks, technology risks, and reputation risks, all of which could impact our business operations and financial performance.

Risk areas	Indicators	Time Period	Business Impact	Financial Impact
Policy and legal	Emerging regulation- Increase in water tax by Municipal and restrictions on water usage	Medium Term	• Stricter water regulations demand additional capital for advanced monitoring and compliance measures, including sensor-enabled taps, smart meters, efficient fixtures, and sprinkler systems • Water shortages may lead to operational disruptions, complicating workflows and affecting overall efficiency • Non-compliance can pose a significant risk to organizational reputation, potentially impacting stakeholder confidence	• Total Cost for purchase of Municipal Water Supply in one year in 2030, considering business growth projection by 2028, ₹260.65 Mn • The increasing costs associated with rising water tax rates directly impact profit margins. • Adhering to stricter water regulations necessitates substantial capital investments in advanced monitoring and optimization systems, leading to increased financial outflows for businesses • Operational revenue losses due to disruption in the cleaning cycles • Investor confidence may decline, potentially leading to higher financing costs or reduced funding opportunities due to Non-compliance with water regulations

Technology	Advances in wind turbine & solar technology can lead to increased efficiency and lower costs, but also necessitate continuous investment in upgrading existing infrastructure	Medium term	• Increased financial pressure requires investment in upgrading infrastructure to remain competitive • Existing assets risk becoming obsolete due to reduced efficiency, lowering their market value • Adopting efficient technologies can reduce operational costs and improve long-term profit margins	• Upgrading infrastructure can initially strain revenue, but positions us for future growth by maintaining competitiveness • Investments in new technologies increase short-term costs but reduce long-term operational expenses • Efficient technologies enhance profit margins over time by lowering operational costs and mitigating the impact of obsolete assets
Opportunity-Market	Opportunity to increase the business to meet national demand and commitments	Medium term	• The potential for increased revenue as there is an opportunity to capture a larger share of the expanding renewable energy market, thereby fulfilling national commitments and targets related to renewable energy • Enhancement in investor confidence due to a demonstrated capacity for scalability and growth within the renewable energy sector	• Estimated opportunity of revenue from operations increase in Year 2050 ₹ 684,439 Mn • Increased market share in the renewable energy sector boosts revenue potential; alignment with national targets attracts government incentives • Expansion and adoption of scalable technologies may initially raise operational costs

			• Greater ability to attract government incentives and support, as the Company aligns its efforts with national energy goals • Expanding operations across multiple geographic regions enables HFE to enhance its risk diversification strategy, thereby more effectively mitigating both market and operational risks	but lead to long-term efficiencies • Enhanced investor confidence and government support improve profitability; risk diversification through geographic expansion stabilizes profit margins

Physical Climate Risk Adaptation (DJSI 2.5.12)
Impacts

- **Operational Disruptions:** Physical risks can lead to significant disruptions in power generation, damage to infrastructure, and increased operational costs for both solar and wind power plants. Uncertain deviation from committed production can lead to DSM penalties.
- **Financial Implications:** Transition risks may result in stringent regulations, resulting in increased operational costs, an increase in capital costs to accommodate technologies and processes that increase efficiency, and revenue loss due to downtime by extreme weather events affecting our financial stability and growth prospects.
- **Reputational Damage:** Failure to compensate for the uncertain deviation from committed production can lead to deviation penalties and affect future PPA contracts, which might harm our brand value and stakeholder trust.

Strategy: Short, Medium, and Long-term Climate-related Risks and Opportunities identified by the organization

We have conducted a comprehensive evaluation of climate risks to identify possible climate-related threats and prospects that may impact the organization over the next 25 years. This evaluation encompasses all current and future locations, enabling HFE to gain a clearer understanding and to prepare for both immediate and mid-term challenges linked to climate change.

Mitigation and Adaptation Plan

We are implementing a range of adaptation measures to enhance resilience against identified risks:

- **Infrastructure Resilience:** Strengthening critical infrastructure to withstand extreme weather events and investing in resilient technologies.
    - Plan to invest in heat-resistant coating for solar panels in sites experiencing extreme heat
    - Cost of Mitigation action: INR ₹ 447.4 Mn
- **Water Management:** Deploying Robots for the cleaning of solar panels as water-free technologies and diversifying water sources to mitigate water stress.
    - Plan to deploy robots in 100% of locations by 2030
    - Cost of Mitigation action: INR ₹ 185.5 Mn
- **Investing in insurance** and extended warranties can protect against unexpected costs and losses
- **Upgrading inverters** and adding energy storage solutions can enhance the efficiency and reliability of the power plants

Indicators to Manage Climate-Related Risks and Opportunities

- **Risk Metrics:** Evaluating physical and transition risks under different scenarios to guide decision-making and strategic planning.
- **GHG Emissions Tracking:** Monitoring Scope 1 and Scope 2 emissions and creating a Scope 3 emission inventory to understand our carbon footprint and identify reduction opportunities.
- **Performance Targets:** Setting ambitious goals for better emissions and water management, aligning with global climate goals, and monitoring progress to ensure continuous improvement.

Metrics and Targets

Emissions	FY21	FY22	FY23	FY24
Scope 1 in tCO2e	673	1,139	420.03	477.21
Scope 2 in tCO2e	170	3,474.98	3,214.88	2,463.04

Water Consumption	Unit	FY23	FY24
Municipal water supplies (or from other water utilities)	KL	18,032.98	13,743
Fresh surface water (lakes, rivers, etc.)	KL	0	0
Fresh groundwater	KL	80,360.10	102,080
Total Withdrawal	KL	98,393.08	115,823
Total water discharged	KL	0	0
Total water consumed	KL	98,393.08	115,823
Specific water consumption	KL/million INR	6.72	7.92

Total Waste-Generated	UOM	FY23	FY24
Hazardous (Includes Oil-Soaked Cotton, Grease, used Oil)	MT	53.35	38
E-Waste (Solar Modules and Other Electronic Items, Battery Waste, Battery Waste)	MT	23.14	33.19

Energy Consumption	Unit	FY23	FY24
Total Non-Renewable Energy	MWh	6,036.38	5,274.98
Renewable Energy	MWh	8,192	9,224
Total Energy	MWh	14,228.38	14,498.98

Biodiversity

Biodiversity Risk Assessment (DJSI 2.6.1)

Our project sites are situated in the hinterlands of India where our activities might have an impact on the local biodiversity habitat. The screening involves identifying and evaluating risks through desk-based reviews and site visits, involving Design, Land, HSE, and Projects teams. We focus on issues like environmental impacts, extreme weather, groundwater, cultural heritage, and community unrest. In sensitive areas, such as those in Gujarat and Rajasthan with Great Indian Bustard habitats, we use the Integrated Biodiversity Assessment Tool (IBAT) and involve third-party consultants for risk mitigation.

Our systematic approach aligns with our Environmental and Social Management System (ESMS) and IFC performance standards. Before commencing work, we undertake the third-party Environmental and social impact assessment (ESIA) of each project site. The ESIA is undertaken aligned to guidelines prescribed by the International Union for Conservation of Nature (IUCN). The findings of these assessments are then utilized to develop an action plan to prevent ecosystem disruption, reduce unavoidable effects, and promote habitat restoration near our sites and beyond.

Biodiversity and No Deforestation Commitment (DJSI 2.6.2 and DJSI 2.6.3)

We have developed a biodiversity, and no deforestation policy and we strive to minimize biodiversity disruption through careful planning and restoration efforts and avoid developing new projects in ecologically sensitive areas, adhering to IFC Performance Standard 6. Our initiatives align with SDGs 15, 12, and 13, promoting life on land, responsible consumption, sustainable production, and climate action. We contribute to afforestation through extensive tree planting, reduce land use change, and prevent deforestation with responsible practices thus avoiding gross deforestation. Centralized biodiversity management and stakeholder engagement are integral to our approach to avoiding and restoring ecological impacts.

Biodiversity Exposure & Assessment (DJSI 2.6.4)

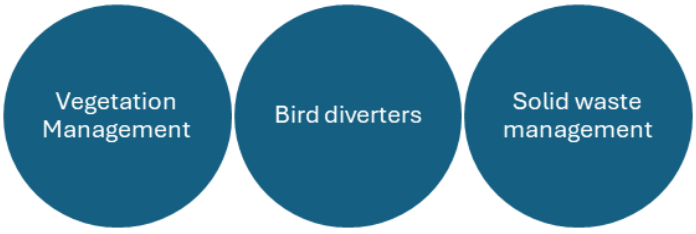
Number of sites	Number of sites	Area (Hectares)
a) Overall	40	3,428.38

What is the total number and the total area of your own operational sites?		
b) Assessment Have you conducted biodiversity impact assessments for your own operational sites?	38	3,253.08
c) Exposure Of the sites assessed, how many sites have a significant biodiversity impact, or are in proximity to critical biodiversity, and what is the total area of these sites?	1	546.33
d) Management plans Of those sites that have a significant biodiversity impact, or are in proximity to critical biodiversity, how many sites have a biodiversity management plan, and what is the total area of these sites?	1	546.33

Biodiversity Mitigating Actions (DJSI 2.6.5)

Wind Turbine installation and operation pose a significant risk to avifauna. We install underground cabling and bird deterrents voluntarily to prevent harm to avifauna. Additionally, we conduct long-term bird and bat studies at our wind power plants. Based on the findings of these studies, we have implemented several mitigation measures at project locations. During the operational phase of wind power plants, we conduct avifauna mortality (carcass) studies aligned to the International Union for Conservation of Nature (IUCN) guidelines. These assessments help us to understand and estimate the actual fatalities occurring at the sites due to operational turbines.

We implement actions that avoid and reduce the impact on biodiversity. Our approach to biodiversity risk mitigation at our project locations pivots around the following themes:



Product Stewardship

Electricity Generation Mix (DJSI 2.7.4)

Generation Source	Gross generation FY24 own assets (GWh)	Share generation FY24 own assets (%)	Revenue generated FY24 in INR
Wind	1,242.13	39.50	6,709,710,000
Solar	1,902.11	60.50	7,987,850,000

*Our Average carbon intensity in terms of metric tons of CO2 equivalent per GWh generated (tCO2e/GWh) is 0.94

During the financial year, we did not sell any electricity, whether renewable or non-renewable, that was purchased from third parties.

Electricity Capacity Mix (DJSI 2.7.5)

Generation Source	Capacity FY24 (MW)	Share of capacity FY24 (%)	Target capacity 2030 (MW)	Share of target capacity 2030 (%)
Wind	583	33.22	2,300	27.71
Solar	1,172	66.78	6,000	72.29

Social KPIs

Labour Practices

Workforce Breakdown: Gender (DJSI 3.1.2)

Category	Unit	FY24	Public Target	Target Year
Share of women in the workforce	%	13.75	30%	2030
Share of women in all management positions	%	13.75	None	None
Share of women in junior management position	%	17%	None	None
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	%	5%	None	None
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	%	2%	None	None
Share of women in STEM-related positions (as % of total STEM positions)	%	2%	None	None

Workforce Breakdown: Race/ Ethnicity & Nationality (DJSI 3.1.3)

Nationality	Share in total workforce (as % of total workforce)	Share in all management positions, including junior, middle and senior management (as % of total management workforce)
Indian	100%	100%

Gender Pay Indicators (DJSI 3.1.4)

Employee Level	Average Women Salary (₹)	Average Men Salary (₹)
	FY24	FY24
Executive level (base salary only)	6,999,996.00	11,687,726.00
Executive level (base salary + other cash incentives)	9,199,996.00	15,714,701.00
Management level (base salary only)	894,364.33	1,646,725.00
Management level (base salary + other cash incentives)	1,006,031.00	1,839,952.00
Non-management level (base salary only)	Not Applicable	Not Applicable
Non-management level (base salary + other cash incentives)	Not Applicable	Not Applicable

Freedom of Association (DJSI 3.1.5)

% of employees represented by an independent trade union or covered by collective bargaining agreements:	0

Human Capital Management

Training and Development Inputs (DJSI 3.3.1)

Category	Unit	FY23	FY24
Total training hours	hours	1,850	4,886
Average training hours	hours	7.4	18.2
Total Training Spend	₹	2,744,760	6,445,067
Average Training Spend	₹	11,023	23,959

Employee Development Programs (DJSI 3.3.2)

	Program 1	Program 2
Name of Program	Continuing Education Program	Mentorship Program
Business Benefit	By enabling our employees to pursue higher education at a lower cost burden, we provide individuals with a platform to grow their skill sets while bringing significant value additions to the company and its operations	By providing a platform for trainees and mentees to incorporate themselves into the HFE ecosystem, we ensure that their integration is thorough, and they can assume their roles and responsibilities smoothly when they are fully integrated into the organization and its operations.

% of FTEs that participated in the program	100%	100%

Human Capital Return on Investment (DJSI 3.3.3)

	FY22	FY23	FY24
a. Total Revenue (in Rs. million)	15774.56	14645.05	14,617.65
b. Total Operating Expenses	7894.32	2773.93	2632.06
c. Total Employee-Related Expenses	812.68	778.93	721.68
Total Employees	288	191	269

Hiring (DJSI 3.3.4)

Internal Hires

Category	Employees	Unit	FY23	FY24
Senior Management	Male	No.	0	0
	Female	No.	0	0
	<30	No.	0	0
	30-50	No.	0	0
	>50	No.	0	0
Middle Management	Male	No.	2	7
	Female	No.	1	0
	<30	No.	1	2
	30-50	No.	2	5
	>50	No.	0	0
Junior Management	Male	No.	0	0
	Female	No.	0	0
	<30	No.	0	0
	30-50	No.	0	0
	>50	No.	0	0

Employee Support Programs (DJSI 3.3.7)

The Company has comprehensive programs for employee well-being, including:

- Provision of maternity leave of up to 24 weeks and a paternity leave of 1 work week up till a month of the birth of the child
- Provision of period leaves available to female employees of 1 leave per month, totalling 12 leaves in the year
- A flexible leave policy allowing employees to take 'unlimited' leaves, creating a culture of mutual trust within the organization
- A monthly Wi-Fi allowance and a one time home office set-up allowance to facilitate work-from-home set ups
- Multiple religious, cultural and informal offsite set-ups to enable team bonding and a sense of community within the organization.

- An Employee Assistance Program that offers resources from professional counsellors for both medical and psychological assistance.

Occupational Health & Safety

OHS Policy and Programs (DJSI 3.4.1 and DJSI 3.4.2)

Our policy commits to protecting the Occupational Health and Safety of employees, contractors, clients, stakeholders, and the communities in which they operate. Our proactive approach involves protecting employees, contractors, and stakeholders from injury and ill health through regular HSE training and compliance with all relevant legal and other requirements.

We ensure thorough reporting and investigation of incidents to prevent recurrence, conduct regular inspections and audits, and prioritize key health and safety issues through clear action plans. Additionally, we establish quantitative targets to track HSE performance improvements and evaluate our progress in reducing health issues and risks against targets, ensuring that our policy is well-communicated and accessible to all employees and interested parties

Fatalities, Lost-Time Injury Frequency Rate (LTIFR) for Employees and Contractors (DJSI 3.4.3, 3.4.4 and 3.4.5)

Employees					
Category	**Unit**	**FY21**	**FY22**	**FY23**	**FY24**
Fatalities	Nos	0	0	0	0
Occupational disease cases	Nos	0	0	0	0
Total recordable work-related injuries	Nos	0	0	0	0
Lost time injuries	Nos	0	0	0	0
Lost time injury frequency rate (LTIFR)		0	0	0	0

Contractors					
Category	**Unit**	**FY21**	**FY22**	**FY23**	**FY24**
Fatalities	Nos.	0	0	0	0
Occupational disease cases	Nos.	0	0	0	0
Total recordable work-related injuries	Nos.	0	0	0	0
Lost time injuries	Nos.	0	0	0	0
Lost time injury frequency rate (LTIFR)		0	0	0	0

Privacy Protection (DJSI 3.6.1 and 3.6.2)

We have developed a public policy on data privacy, reflecting our commitment to transparency and customer trust. As part of this commitment, we publicly report on our data privacy practices, ensuring that all stakeholders are informed about how we handle sensitive information. Importantly, we enforce strict disciplinary actions for data breaches. In the past year, we had no incidents of customer privacy data breaches.

Our policy includes detailed insights into the nature of the information we capture, its specific uses, and the options available to customers regarding their data. Customers can decide how their private data is collected, used, retained, and processed through various measures:

- They can opt out of certain uses
- Provide opt-in consent where required
- Request access to the data we hold
- Request the transfer, correction, or deletion of their data

Furthermore, we disclose the duration for which this information is kept in corporate files, the safeguards in place to protect it, and our policies regarding third-party disclosure, covering both private and public entities. By ensuring customers have control and understanding of their data, we continue to foster a relationship built on trust and accountability. These practices demonstrate our dedication to privacy and sustainability in every aspect of our operations.

Community Relations

Stakeholder Engagement Policy (DJSI 3.7.1)

We have developed a robust stakeholder engagement framework designed to stimulate active and holistic engagement with all our prominent stakeholders on issues material to our business, while our grievance redressal mechanisms provide individuals and communities with a platform to raise concerns and address them appropriately.

The Board-level CSR Committee is responsible for driving initiatives for our stakeholders. Our CSR policy, established in 2015, provides insights into our governance structures and core initiatives, serving as an accountability tool to maintain and achieve our yearly targets. The CSR Committee monitors and guides the implementation of our CSR initiatives by setting targets and tracking their progress year on year.

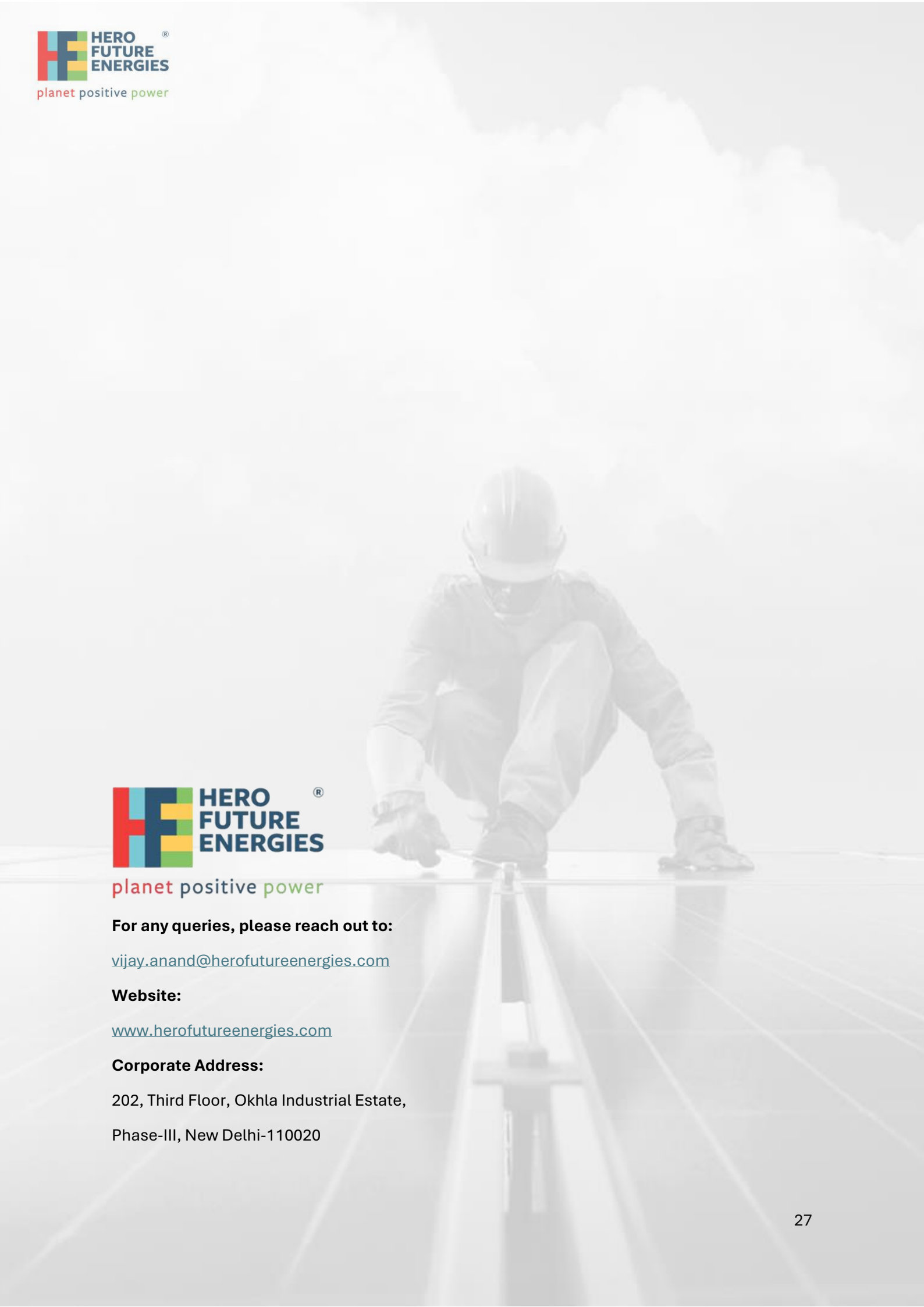
The stakeholder engagement policy applies to our own operations and our contractors running our facilities. The policy or commitment covers the following aspects:

- Identifying affected communities and the range of local stakeholders
- Identifying vulnerable groups as part of the identification process
- Engagement strategy includes local stakeholders
- Complaints/grievance mechanism available for communities

Stakeholder Engagement Programs (DJSI 3.7.2)

We have successfully implemented detailed stakeholder engagement programs, designed to foster collaboration and build trust with diverse stakeholder groups. These programs employ multimodal engagement methods, ensuring that we understand the unique needs and

expectations of each group. As part of this framework, we conduct local stakeholder and community impact assessments to evaluate the effects of our operations. We maintain clear communication channels to enable seamless interactions, and we prioritize capacity building to empower local stakeholders, ensuring they can effectively connect with us. Regular surveys and reviews are conducted to gather insights on their perceptions of our engagement strategy, while dedicated meetings are held to identify emerging concerns promptly. Grievances are meticulously tracked to ensure swift resolution, and these engagement programs are applied consistently across all our local operations, demonstrating our commitment to meaningful stakeholder relationships.



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planet positive power

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