



Climate Positive | People Positive | Water Positive
Sustainability Report FY 2020-21



About the report

The second edition of sustainability report by Hero Future Energies [HFE], renewable energy venture of US\$ 6 bn Hero Group, include financial and non-financial performance of HFE and the SPVs of HFE for 11 solar power plants in Rajasthan, Madhya Pradesh, Telangana, Andhra Pradesh, Karnataka and 13 wind power plants in Rajasthan Madhya Pradesh, Telangana, Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu in India during the accounting period of April 1, 2020 to March 31, 2021.

This report addresses HFE's response to long term business objectives and shareholders' needs. This report introduces HFE's Sustainability Vision for 2030 and reinstates its alignment with the UN Sustainable Development Goals (SDGs). The report has been prepared in accordance with GRI Standards: Core option. This year's sustainability report reflects retrospective analysis of our ESG performance in FY 2020-21 against our base line year of 2017-18. The Sustainability Report of FY 20-21 has been reviewed and approved by Sustainability Steering Committee in HFE under the guidance of The Energy and Resources Institute [TERI], a research institute in New Delhi that specializes in the fields of energy, environment and sustainable development. Going forward we will maintain an annual reporting cycle.

CONTENTS

—	About the Report.....	01
—	Voice of HFE.....	03
—	Business Overview.....	06
—	Stakeholder's Voice.....	07
—	Corporate Governance & Risk Dynamics.....	08
—	Sustainability Outlook.....	11
—	Climate Positive	14
—	People Positive	19
—	Water Positive	27
—	Assurance Report by Carbon Check.....	29
—	Annexures.....	32
—	GRI Content Index.....	35
—	Summary Report by TERI.....	39

Message from Chairman & Managing Director



Rahul Munjal

Chairman & Managing Director,
Hero Future Energies

Environmental emergencies such as climate change could cause far larger social and economic damages than those caused by COVID-19.

IPCCs recent sixth assessment report brings out in no uncertain terms the extreme urgency of climate action. The world has already become warmer by around 1 deg C, on an average, over preindustrial levels and now there is no time to lose for fighting climate change. Every action to limit global warming will make a difference and the time to act is now as this decade presents a small window to stop climate change. Moreover, the COVID 19 pandemic has presented us with opportunity to rebuild our society and economy sustainably. Sustainable growth will reduce chances of future shocks and build our resilience to them if they do occur - whether pandemics or natural disasters. The world witnessed how swiftly human race can adapt to changes. I wish that 'new normal' is defined by behaviours and actions, whether at individual or organisation level, that have sustainability at its core.

We responded to the pandemic by offering timely support to the most vulnerable communities with basic food and hygiene provisions across all HFE project locations in India and met our health and safety obligations. We have been spending considerable time and effort on the mental wellbeing and safety of our own employees.

At HFE, the core leadership team prepared to ensure adequate systems and business processes are in place to tide over shocks emerging from supply chain constraints, regulatory uncertainty, demand reduction and payment delays. FY 2020- 21 for our Indian business entities has

been about optimizing resources without cutting corners, diversifying sources of capital and handling of stressed assets besides making risk identification and its mitigation central to all decision making. At the same time, our global business entities explored growth opportunities for cleantech solutions to emerge stronger and a future proof organization on the other side of covid. The pandemic also accelerated digitised way of working in HFE which brought about dramatic efficiency and productivity improvements.

Going forward, we would prioritize low-carbon approaches across our business functions, coordinate organization's sustainability approach and undertake local action at project location for community welfare initiatives and addressing their water needs. We will systematically improve circularity in our supply chain through partnerships and defining of supplier sustainability framework. Also, at HFE diversity and inclusion will be another key focus area.

Globally many corporates have set net zero by 2050 targets for themselves and thus are getting into corporate PPAs with renewable energy producers. Sustainable operations have substantial economic benefit as well, especially with renewable energy emerging as the lowest cost alternative. The faster the adoption of renewable energy by corporates, more is the likelihood of their net zero targets being met and greater are the economic benefits to them. The point to emphasise is that we cannot waste any more time in directing our energies to combat climate change and championing sustainability goals by United nations for 2030.

Message from the Chief Executive Officer



Srivatsan Iyer
Chief Executive Officer

We utilized the crisis period as a springboard for resilience and growth.



COVID-19 has brought into stark reality the need to build resilience, strengthen systems, improve monitoring, and the importance of sustainability in businesses. HFE's response to this global crisis has been to turn this crisis into an opportunity to strengthen processes and systems, through cost-effective and streamlined solutions across all business function areas- one that will lead to higher returns in the long run, whilst also guarding against unprecedented events that cannot be forecasted or planned for.

In 2020, we took a fresh look at increasing efficiency, flexibility, monitoring, and control of business processes through an improvement program called 'REFRESH 2.0'. With the impact of the crisis as a backdrop, we set benchmarks and established standardized processes to track our progress in becoming financially resilient; mitigating risks; increasing employee productivity; and executing projects smoothly, to deliver long-term value to our stakeholders.

In FY 20-21, we implemented a robust Enterprise risk management framework and strengthened the organizational risk culture score. We have avoided 24% additional GHG emissions than FY 19-20 and clocked 3.1 million safe hours in FY 20-21. To safeguard the avifauna biodiversity, HFE has voluntarily, despite cost escalation, decided to implement underground cabling within the plant boundary and install bird deterrents for external transmission lines around under-construction project.

Another key achievement has been reduction in water consumption for 30% of our assets. We have initiated ISO 90001, 140001 and 450001 certification processes for Hero Future Energies Global Ltd during this period.

Having taken over as CEO in December 2020, I am proud of how team HFE has handled this global crisis so far. In FY 20-21, HFE's business growth emerged primarily from onsite and offsite solar solutions for the Commercial & Industrial sector in India. From early 2021, HFE focussed on appointing leaders for newly defined business verticals with clear accountabilities. We are learning more about new technologies namely green hydrogen, renewable energy-based hybrid models and how to commercialise these technologies. HFE's business focus for the next five years will be to achieve a capacity of >5 GW across five geographies around the world.

In this report, we are introducing three broad goals which will shape our actions towards Sustainability and our vision of being a **Climate Positive**, **Water Positive** and **People Positive** organization by 2030. At the heart of HFE's approach is a transition to a more inclusive, more resilient company with net-zero GHG emissions resulting in reduced impact on nature and positively impact the communities around our project sites. You can read more about HFE's sustainability framework in this report.

Feel free to write to me with your views and suggestions at communications@herofutureenergies.com

Message from the Chief Financial Officer



Ben Fraser

Chief Financial Officer

FY 2021 onwards, our target would be to communicate the company's sustainability progress to the investor community by incorporating sustainability metrics into financial reporting.

During the pandemic, Hero Future Energies has made a conscious shift to a more integrated approach to sustainability, we have been working across all functional areas to design realistic and actionable plans. In this report, we are sharing our ambition and quantifiable goals to be climate positive, water positive and people positive by 2030.

During the pandemic, Hero Future Energies has made a conscious shift to a more integrated approach to sustainability, we have been working across all functional areas to design realistic and actionable plans. In FY 20-21 Hero Future Energies (HFE), announced issuance of their first USD bond in global markets. HFE's green bond received orders of over USD 3 billion and was successfully priced at a coupon rate of 4.25% for a six-year maturity period. The issuance was oversubscribed more than 8.5 times. We observed a growing focus from investors on breakthrough technologies to solve various aspects of the climate change challenge.

Given the increased stakeholder interest, many ESG issues turn out to be important business issues. Consider biodiversity management, as a committed player in preserving natural ecosystem, HFE conducts third-party biodiversity assessment study to assess the potential impact of any project on environment, resources, and avifauna. By monetizing non-financial sustainability data, HFE has incorporated sustainability issues in its business strategy, thus balancing the added value of both finance and sustainability measures. That includes quantifiable

aspects like cost reductions, risk mitigation, as well as some intangible aspects like investors' community outreach and brand value enhancement. Now is the time for organizations to kickstart transformation, rebuild sustainably and make sure it stays on track. HFE's leadership team is developing a good understanding of the most pressing ESG issues and quantifying their impact on long-term performance. We intend to expand the process of risk identification to ensure they address and measure sustainability related risks. We have expressed our sincere intent of a gender diverse workforce and tap into a larger talent base to enhance productivity and bottom line. In this report, we have shared more about the immediate opportunities and quantifiable goals for further enhancements in our sustainability journey of this decade. I look forward to your views on HFE's sustainability vision to be a **Climate Positive**, **Water Positive** and **People Positive** organization by 2030.

Business Overview

Our Values



Trust

Trust people to do the right thing



Delegation

Delegate Responsibility and Authority to people best positioned to make decisions



Transparency

Direct and Constructive Feedback



Respect

Respectful dealings with all people. Diversity, Equity and Inclusion



Excellence

Challenge and be Challenged



Agility

Flexibility to Adapt. Willingness to Change

Our Corporate Mantra: Shaping A Sustainable Future Through Innovative Cleantech Solutions

Value Creation

1.6 GW
commissioned capacity on ground

13,265.42 mn INR
annual net revenue FY20-21

149.23 million INR
contributed to Indian economy through the taxes we pay

145.26 million INR
sourcing goods and services from suppliers in FY 20-21

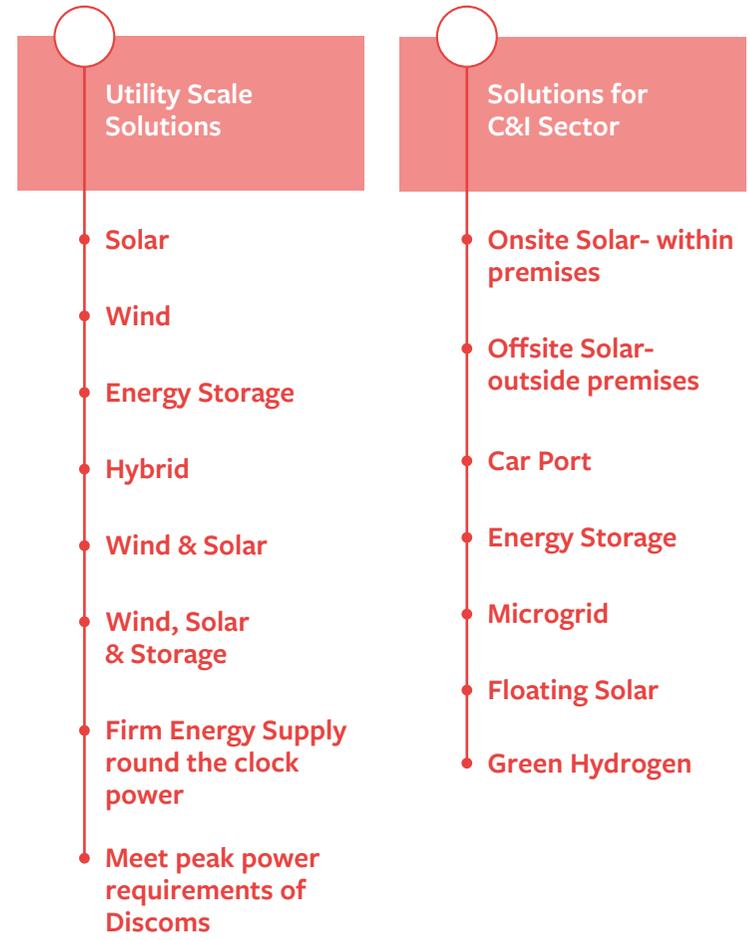
651.22 million INR
employee benefits in FY 202-12

.54 million INR
supporting initiatives to benefit the communities where we operate in FY 2020-21

7655810 tons
carbon emissions since 2017-18 was avoided

~0.7 million
households get power supply in a year

17 million
safe hours achieved till FY 2020-21



➔ Read more on **page 8-10** from HFE's FY 2019-20 sustainability disclosures for **Business Overview**.

Stakeholder's Voice



Osama Al Othman
Head of Business Development & Investment (GCC, India and America), Clean Energy, Masdar and Board Member, Hero Future Energies

The challenges posed by COVID-19 have highlighted the need to integrate environmental, social and governance (ESG) principles in corporate strategies to ensure long-term growth and business resilience. Masdar places ESG at the heart of everything we do. Masdar is proud to be partnering with a likeminded company in Hero Future Energies (HFE). As one of India's largest producers of renewable energy, HFE has an integral role to play in India's energy transition and we are delighted to support their efforts in sustainability across the ESG spectrum.



Lubomir Varbanov
Head of New Business, Infrastructure East Asia and Pacific, IFC

Sustainability has been at the core of Hero Future Energies' business philosophy, and IFC is pleased to have been a partner in this journey. As a pioneer in Environmental, Social and Governance (ESG), IFC has long been a proponent of shared value creation—and sustainable and inclusive economic growth in alignment with the Global Goals. ESG and financial performance are now inextricably linked, with ESG practices becoming synonymous with good business. In the post-COVID world, resilient, sustainable, and inclusive infrastructure will be all the more crucial. We congratulate Hero Future Energies for its efforts in this important area. As well, its continuing commitment to sustainability reporting.



Mr. Sunil Badesra
Country Head, Sungrow India

Sungrow is working in Renewable sector since last 24 years, aiming for "Clean Power for All" and recently announced that it has joined RE100 affirming its commitment to source 100% Renewable Electricity by 2028 for all its operations. Thus, We are really glad to be associated with Hero Future Energies which is constantly working in Renewable sector and along with that also actively involved in significant environmental and social welfare activities. Sustainable business model integrated with environmental safety commitment being HFE's modus operandi is appreciated globally and it really needs to be simulated all over the world.



Asheesh Calla, Ritesh Meera
EPC Contractor

We congratulate Hero Future Energies for its efforts in this important area. As well, its continuing commitment to sustainability reporting.

Corporate Governance & Risk Dynamics

Andrew Hall, Chairman Audit Committee

HFE, renewable energy arm of the US\$6 bn Hero group, has been measuring progress through inclusive governance framework, based on integrity and thorough risk management practices. The organization's commitment towards Environment, Social and Governance principles and values have paved the way for business growth globally. The context in which businesses now operate has been transformed by climate change, COVID-19 and evolving expectations of the role of corporations. In the post covid world, transition to clean and green sources of power is no longer an option and has grabbed attention of global investors. Companies across sectors have been acting now on assessing ESG risks and opportunities for their businesses and on proper ESG disclosures, to meet the changing demands of institutional investors. With climate change at the core of our business, we will continue to provide value to our strategic partners through best corporate governance practices and transparent financial and non- financial disclosures. Thanks to our emphasis on treasury policy and financial audits of our Indian and global business entities by Big 4 firms in FY 20-21, HFE focused on greater transparency and scrutiny of its business and operating models. In the coming two years, we intend to intensify our efforts in governance through digitization/ automation for key financial and operational controls and expand the coverage of statutory compliance tools for our global businesses.

Board of Directors



Mr. Rahul Munjal ● ●
Chairman & Managing Director



Mr. Pawan Munjal ●
Director



Mr. Abhimanyu Munjal
Director



Mr. Lubomir Georgiev Varbanov ●
Nominee Director, IFC



Mr. Andrew Hall ●
Independent Director



Mr. Osama Abdullatif A Alothman ●
Nominee Director, Masdar



Mr. Vivek Mehra ●
Independent Director



Mrs. Renu Munjal ●
Director



Mr. Jean-Paul Pinard ●
IFC – GIF Nominee Director

Key ● India ● Global

Our Governance Framework

HFE has built into its core a well-defined corporate governance structure.

The Chairman

Is responsible for leading the Board and focusing it on strategic matters, overseeing the Group's business and setting high governance standards, while nurturing an organizational culture where employees work harmoniously for the long-term benefit of the Company and its stakeholders.

The CEO

Is responsible for day-to-day leadership and management of the business, in compliance with the strategic framework, risk appetite and long-term objectives approved by the Board.

The Board

The Board oversees the functioning of sub-committees. The Board members are apprised of the Company's sustainability performance as well as the current trends related to economic, social and environmental topics through participation in knowledge forums and regular updates from the CEO.

Committees

Audit Committee [Good governance], Sustainability steering committee [Care for Community, Environment protection, Safety & Compliance], Nomination and Remuneration Committee [Human capital], Grievance Redressal Committee [Human capital, Safety & Compliance], Internal Complain Committee [Human capital], Prevention of Sexual Harassment [Human capital].

Ethics & Integrity

Hero Future Energies is committed to carrying out business fairly, honestly, and openly wherever we and other members of the Group carry on business in the world. All of our officers and employees are expected to reflect the same culture of professionalism and integrity in their dealings on behalf of the Group, and to assist the Company to implement and enforce systems to prevent any inappropriate activities across the Group's business.

Enterprise Risk Management

Effective risk management is fundamental and essential to the achievement of the Hero Future Energies' (HFE) strategic objectives. HFE aims to conduct business in a manner that balances cost and risk while delivering shareholder value. Risk management is integrated into the process of planning and performance management for HFE.

Principal Risks and Uncertainties



Liquidity risk

Changes in the costs of current and future borrowings and future equity raisings may impact the earnings of the HFE Group and impact the availability of funding for future growth or increase refinancing risks as debt facilities mature. HFE continue to finance a significant portion of the project development and construction costs with project financing. Given the long life and cash flow streams of its projects under highly leveraged project financing structures, HFE's portfolio is prone to the mismatch of assets and liabilities which can cause temporary liquidity issues in the Group. Timely cash flow forecasting is undertaken to identify possible mismatches. Mismatches are remedied through refinancing, securitisation, effective utilisation of working limits and use of non-fund-based facilities. Further, the Group has an in-house team dedicated to raising and managing financing and debt, monitoring developments in the debt market and diversification of funding sources to reduce the impact of any adverse market movements.



COVID-19 risks

The worldwide spread of the COVID-19 virus and subsequent impacts on people and businesses around the world creates unique risks for all businesses. For the Group, those risks can be summarised as cashflow risk, business continuity risk and employee welfare risk. The Group is actively monitoring the impact of COVID-19 on its business and has put in place a number of measures to mitigate the impact. The Group has spent considerable time assessing the potential impacts that COVID-19 could have on operations. This assessment has taken in to account the current measures being put in place by the

Group to preserve cash and reduce discretionary expenditure, and potential reductions in revenues resulting from the economic impact on domestic and business customers due to lockdown and an expected economic downturn.



Operational risks

Delayed delivery or cost overruns of major projects may adversely affect the Group's financial performance. Relevant external risk factors include actions of government regulators, reliability of suppliers, contractors and equipment manufacturers. The Group has developed comprehensive and robust project management processes. The Group has a robust mechanism for selection of contractors for project execution and operational maintenance and also has a strong relationship with reputed suppliers, contractors and equipment manufacturers. The generation of electricity from renewable energy sources, like solar and wind, depends heavily on suitable meteorological conditions and if these are not favourable this would have a negative impact on revenue stream. Technical limitations or regulatory changes may cause the grid operator to curtail the supply of power from a project to the grid below its regular generating capacity on account of grid curtailment thereby reducing the profitability of assets. The Group regularly assesses the robustness of the grids to which the projects are connected, to limit the risk of curtailment.



Legal risks and Policy risks

The Group appreciates and recognises the risk associated with legal requirements in the jurisdictions in which it operates. The Group needs governmental approvals and permits to construct and operate its projects. Any delay or failure to procure, renew or maintain necessary permits would adversely affect on-going development, construction, and continuing operation of the Group's projects. The Group maintains a strong interaction with the Government and other Regulatory bodies at all levels to keep itself abreast of the current regulations and any future changes that might impact the business. The Group monitors any changes in legal requirements with a view to ensuring compliance within the specified timelines and to mitigate any risks that may arise. The Group also has a robust compliance framework in place to monitor availability and/or validity of government approvals and permits. Projects

are additionally exposed to contract risk and litigation due to disputes. There have been certain legal proceedings, administrative proceedings, claims and other litigation that arise in the ordinary course of business.

The Group has a strong In-house legal team to manage these risks, including managing litigations and reviewing key contracts to secure and safeguard the Group's legal position. The Group is also diversifying its businesses across geographies and focuses to offtake the power generated with reputed counterparties having a good credit quality with a view to mitigate risks.



Competition risk

Competition in the marketplace is increasing globally and specifically in India, because of multiple factors including notably; recent existence of many competitive entities in the renewable energy sector, a fall in the cost of capital and operating costs, a fall in electricity prices in the spot market, feed-in tariffs, or competitive tendering. These factors accentuate the Group's difficulties in bidding successfully in tenders at prices which provide the desired returns. The Group is focussed on maintaining its own competitive strengths in the markets in which it already operates, has started diversifying its business in international markets with expected future favourable returns, and optimising development cost through internal development of its projects thereby enabling it to remain competitive.



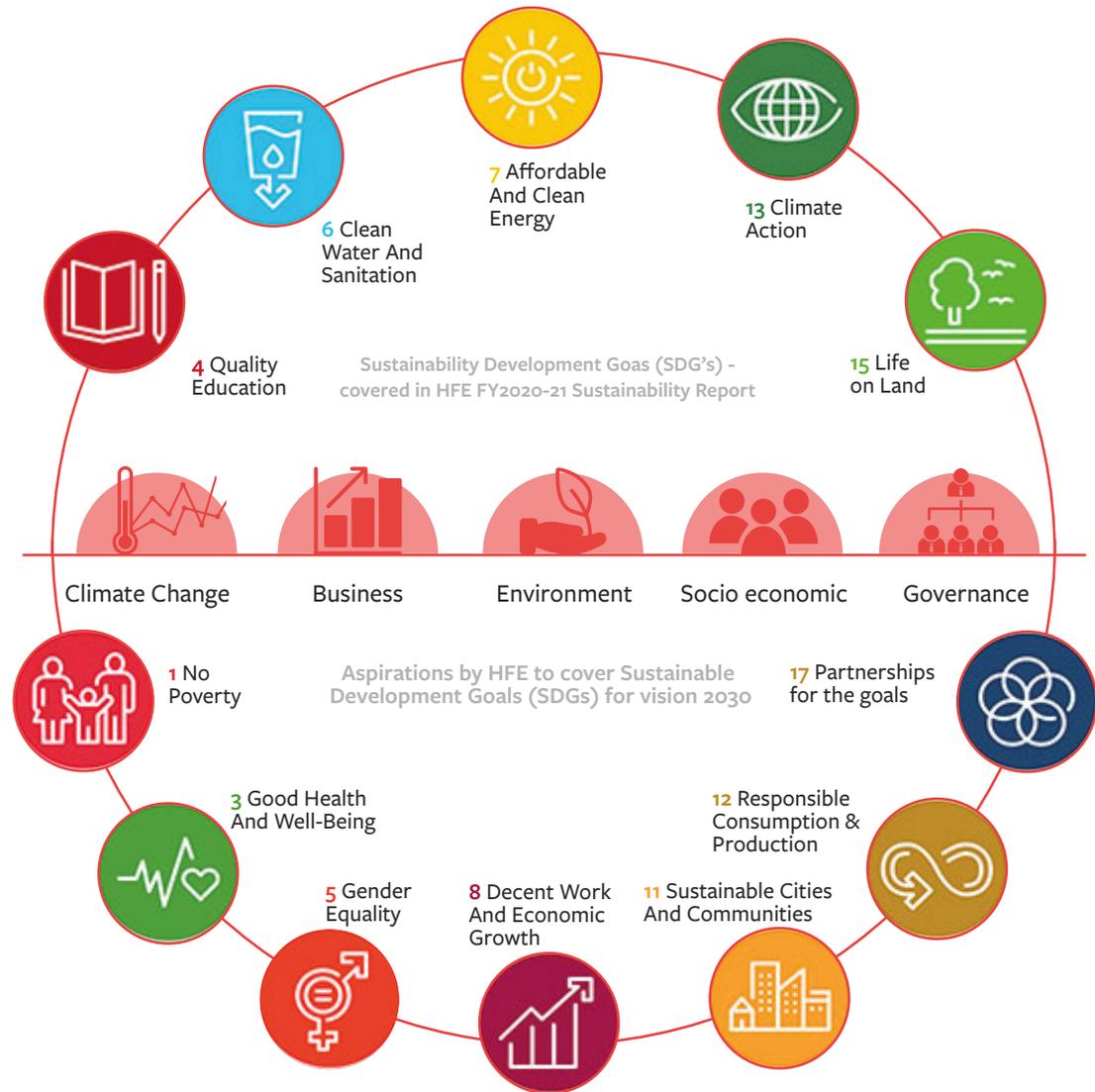
Financial risk

The Group is exposed to a number of different financial risks arising from its normal business operations. These include movements in commodity and energy prices, foreign currency exchange rates and interest rates, as well as credit and liquidity risks. The Group has developed and implemented a Treasury policy which stipulates a framework for managing risks. Where appropriate the Group uses foreign currency derivative instruments to hedge and mitigate any against adverse currency movements.

Sustainability Outlook

This is the second year of HFE’s transformation as a conscious organization reporting on its Environment, Social, and Governance (ESG) performance. Under the helm of new leadership and with strategic inputs from the Sustainability Steering Committee, HFE decided to take a step ahead by restructuring its Sustainability Framework in becoming a **Climate Positive**, **People Positive**, and **Water Positive** organization by the year 2030 -deriving from its long-standing commitment of preserving the planet through ‘Planet Positive Power’. This new vision encapsulates the components of HFE’s five-year Business Plan, United Nations Sustainable Development Goals, MoSPI’s National Indicator Framework-assisting HFE in adopting an integrated approach for defining its sustainability objectives and targets. The approach also considers the scale of interventions in HFE’s target boundary such as Operations, CSR Initiatives in Community, and Leveraging Partnerships.

As accentuated, HFE has restructured its Sustainability Framework and based its approach on the global Sustainable Development Goals as one of its components. The 2030 Agenda for Sustainable Development is a plan of action that calls for adopting the whole of society approach for bringing transformational change, required at the national and local level. In addition, the decade of action calls for mobilization on three levels -global action, local action, and people action. HFE has connected the dots for its Vision 2030 and in the process has identified appropriate levers and mechanisms for its realization.

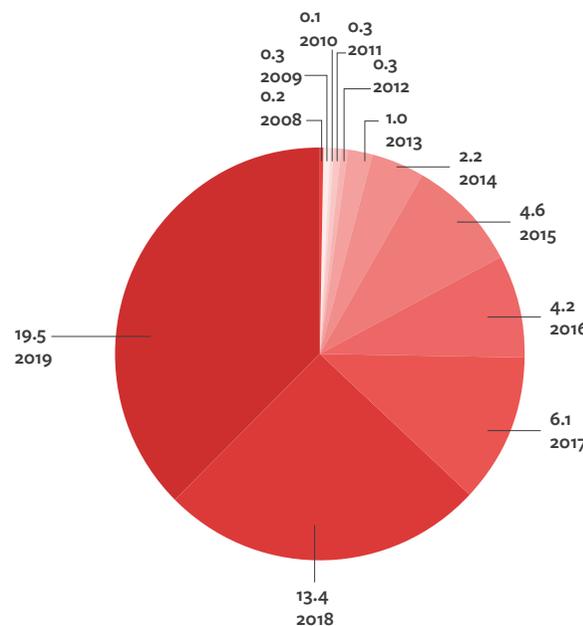
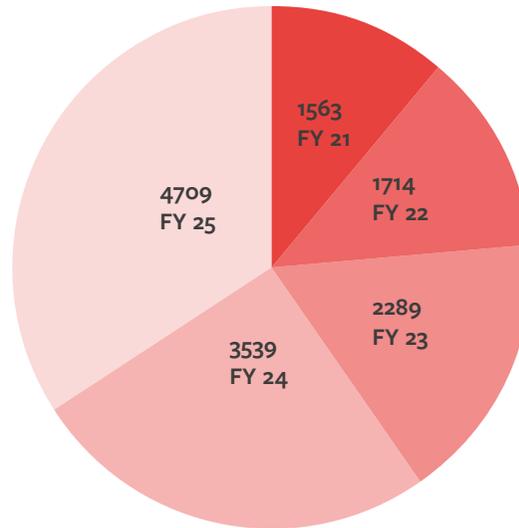


This integration is distinctly present in the below-mentioned narrative of its **Climate Positive**, **People Positive** and **Water Positive**; and shall be looked at as perpetual exercise instead of a sacrosanct tenet.

HFE, in the present report, has mapped its current contribution to the SDGs and aspires to cover more as the implementation of the Vision-2030 is put into practice. This is further complemented by undertaking the context of MoSPI's National Indicator Framework (NIF) in conjunction with the global SDG roadmap.

HFE's five-year business plan delves into two main elements – Corporate Mantra and Business DNA. On one hand, the Corporate Mantra reflects on shaping tomorrow with innovation through HFE's business verticals (Wind, Solar, and Hybrid), whilst the Business DNA are divided into the ethos, commitment, and attitude of the organization. HFE's roadmap to achieve 5GW by 2025 entails the operations and the value chain to the sustainable consumption of resources and reducing their carbon footprint while growing in different geographies and with new verticals (Battery Energy Storage Systems & Green Hydrogen-pilot phase) along with focussing on the huge market opportunities in the existing verticals such as demand penetration in the C&I sector in India in conjunction with the adoption rate of Corporate PPAs at the global level. HFE, thus in its journey of becoming **Climate Positive** is striving for reducing any negative impact on biodiversity and at the same time increasing its green cover. These concentrated efforts will help in establishing and monitoring the key risk indicators and enhancing the existing Project Risk Management Framework. In its vision of becoming a **Climate Positive** organization by 2030, HFE has considered

HFE's Aspirations and Roadmap-5GW by 2025



C&I Segment Poised for Growth and Corporate PPA's rapid adoption rate

to reduce its scope 1 and scope 2 emissions to net CO2 emissions through operations and land use emissions inclusion in the GHG Inventory, Coverage of scope 3 emissions in its operational boundary, reduce waste and material consumption, maintains a positive impact on biodiversity, etc. covering five material issues and actions focussed in the operational boundary of the organization.

The interventions corresponding to the material issues shall help HFE in achieving the **Climate Positive** status.

HFE's footprint along with the operations extends to the communities in which it operates. The operational sites are often in the remote villages, some of which lack the basic or primary infrastructure to support business activities and some fall into the water-stressed regions where rainfall is scarce; and thus, the management of natural resources becomes of paramount importance. HFE, in outlining its 2030 Vision, acknowledges Water as a resource and the organization as a responsible steward, who monitors and plans interventions for the reduction and recycling in the operational phase and providing safe drinking water to the community in addition to recharging the ground water. To be a **Water Positive** organization, HFE is emphasizing, both on the water quantity and quality and technological interventions to minimize or halt (as applicable) the water usage at sites, water and sanitation facilities in the community, and in the process create value for its beneficiaries while addressing its social responsibility and achieve the status of **Water Positive**

In order to efficaciously steer the objectives under the pillars of **Climate** and **Water Positive**, HFE is fostering the third pillar – **People Positive** which stresses on strengthening the human and social capital

in magnitude as well as direction. HFE, in this context, has taken the collaborative approach of stakeholder inclusiveness for creating impacts in the local community and channelizing the organizational behaviour by raising accountability through systematic adoption of processes and standards reflecting in their commitment towards safety. In the community, HFE has outlined some of its initiatives and is contemplating redefining some of those initiatives in aligning with their Vision 2030; such that it increases the Environment, Social, and Governance (ESG) fabric of the organization as a whole. HFE strides to become **People Positive** following initiatives by ensuring safety at sites (zero accidents), improving diversity at the workplace, empowering communities by providing livelihoods and education, and continuous monitoring of these initiatives-exhibiting the increase in their well-being and income levels post HFE's initiatives in the community.

More details on each of the above pillars i.e., **Climate Positive**, **People Positive**, and **Water Positive** are documented in the respective individual chapters. In addition, HFE is in the process of computation of the targets that will act as a North Star till 2030, requiring the active involvement of both internal and external stakeholders. In the present report, HFE's performance in the reporting period is benchmarked against the baseline year 2017-18-19.

Members



Srivatsan Iyer
Chief Executive
Officer



Bhawna Kirpal Mital
Lead for HR, CSR,
Admin & IT



Vijay Agarwalla
Lead in Risk, internal
audit & compliances



Sudhir Pathak
Lead in Design &
Engineering



Arun Tripathi
Lead for Business
development in
solar, wind, storage,
Regulatory &
Procurement



Vijayanand
Lead for Health Safety
& Environment



Archana Sumbly
Senior Manager for
CSR

➔ Read more on [page 20-22,23,25-26](#) from HFE's FY 2019-20 sustainability disclosures for **Materiality Topics and Ranking, Sustainability Steering Committee & Stakeholder Ecosystem and Materiality Mapping.**

Climate Positive



Climate Positive Approach

FY 20 brought unprecedented challenges on a global scale but on the positive side, leaders, scientists, corporates came together to rethink and take actions towards building a sustainable planet. It is imperative that all companies embrace the future, and the future of our planet lies in strategic approach to ESG and sustainable development.



Vijayanand
Lead HSE

I believe that the two most important global movement over the past ten years have been around ESG and climate risk. Our organization has developed effective ESG governance structure to address ESG related risks thus capitalize associated opportunity of increasing focus by global investors. Green House Gas (GHG) avoidance is one of the most vital contributing factors to fight climate change, which has the potential to affect millions of marginalized and vulnerable communities. Thus, by adding renewable energy capacity to meet power needs of Indian population, we are on track to contribute significantly towards avoiding GHG emissions from both conventional energy sources and fugitive emissions from land. I am quite excited to participate in HFE's climate positive journey of 2030."



HFE's Checklist for ESG, Sustainability and Sustainable Development vision for 2030

- 1) **Goal setting:** For material ESG risks at HFE, develop a set of goals for 2030 and link those goals with short-term targets and measurement.
- 2) **Strategy:** Ensure that our business strategy responds to the most material ESG risks at HFE and the sector (using MoSPI's National Indicator Framework as a guidance) and opportunities (using Sustainable Development framework as guidance).
- 3) **Disclosure:** Develop a robust disclosure effort in lines with GRI core standards. Importantly, communicate to investors about HFE's approach.

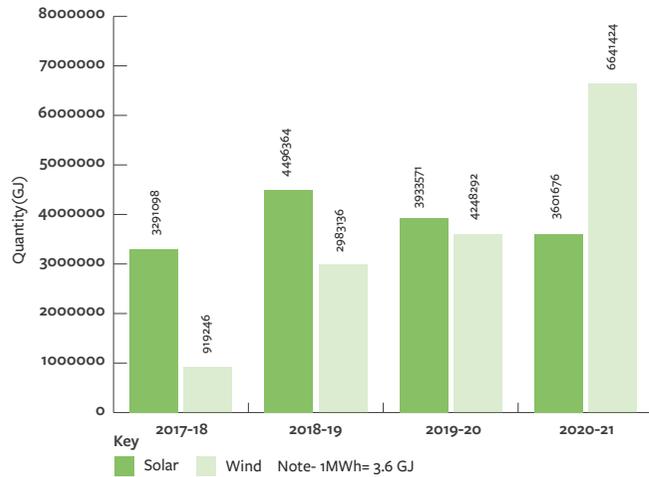
Action Plan for FY 21-22

1 HFE's strategy for accomplishing the vision of being **Climate Positive** starts with offsetting certified carbon credit attributes from scope 1 & 2 emissions. We are in the process applying for carbon neutral status duly certified under ISO14065.

2 HFE would initiate computing of scope 3 emissions [which includes all other indirect emissions namely purchased goods and services, business travel, employee commute, waste disposal, use of sold products, transportation, and distribution -up & downstream] in the company's value chain. HFE intends to widen the boundary of scope 3 emission measurement year-on-year. HFE's goal is to include every possible identifiable source of emission, measure carbon footprint, analyze and achieve absolute climate positivity.

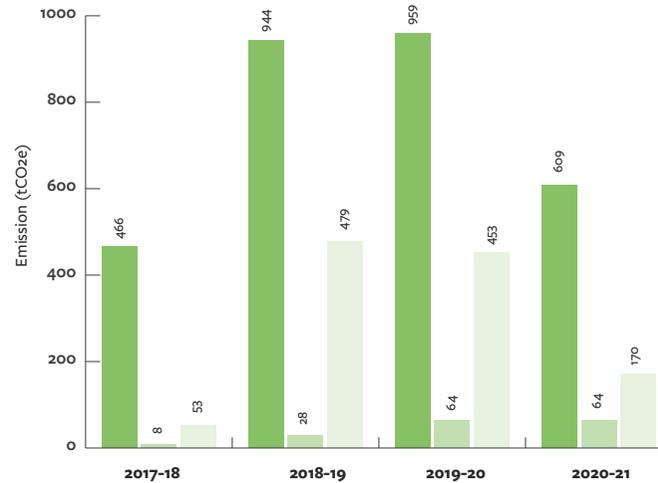
Energy Generation, Consumption and Emissions

Consolidated generation data of wind & solar
Energy generation in FY 20-21- has gone up by 23%



Emissions

Through HFE’s solar and wind-based projects **25Lakh tons** of **CO2** emissions were **avoided** in FY 20-21. As our project capacity continues to grow the quantity of carbon emissions we can curtail, is likely to increase.

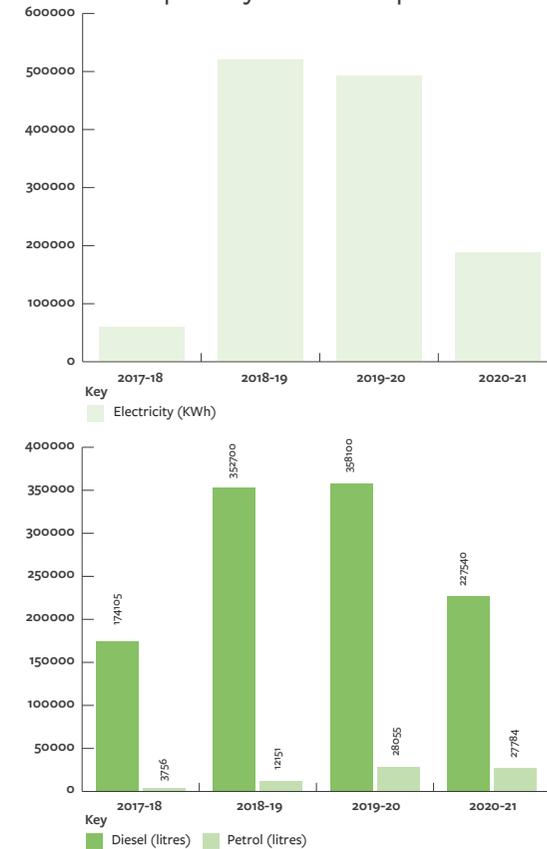


Note
 1. Emission factor 0.92 for FY 2018-19 and FY 2019-20
 2. Emission factor for petrol 2.3 kg of CO2/Litre
 3. Emission factor for diesel 72.6 gm of CO2/MJ [1 litre=36.9MJ]

Key
 Greenhouse gas emission Scope
 Diesel consumption (Dark Green) | Petrol consumption (Medium Green) | Electricity consumption (Light Green)

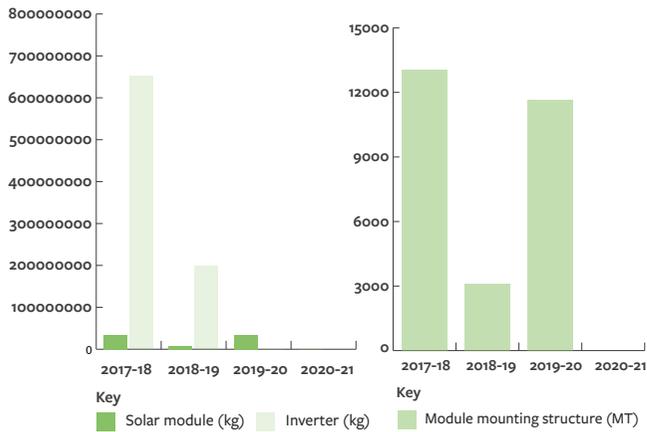
Fuel & Energy consumption data

As a provider of solar and wind energy, energy consumption within our organization is relatively **low** and is therefore not a materiality issue for us. In **FY 20-21**, with ‘new normal’ way of working from home and conscious shift to digital monitoring, HFE’s in-house diesel consumption fell by **36%**, petrol consumption by **1%**, electricity consumption by **61%** as compared to FY 2019-20



Material Consumption

The materials used at our solar power plants consist mainly of solar modules, module mounting structures, wires, inverters, and transformers.



In our recently commissioned project in Rajasthan, we used **PV modules of capacity 330 Wp** and **448.5 Wp**, as a result consumption of module mounting structure was reduced by **13.6%** and water usage for cleaning in one cycle was reduced by **274 KL**. Since no new projects were executed during FY 2020-21, material purchase was nil.

➔ Read more on [page 33, 34](#) from our sustainability disclosures of FY 2019-20 for **the type, amount, and disposal method of waste** generation at our project locations. **background of biodiversity management at HFE**

Waste Management

HFE would be voluntarily formalising internal policy and strategize for decommissioning waste [solar & wind], in its efforts towards accomplishing the vision of being Climate Positive organization.

One of the biggest challenges faced today by any nation is disposal, reuse, and management of waste. As per Central Pollution Control Board notification (2016), renewable energy plants have been categorized as ‘white category’ based on very less pollutant generation thus resulting into exemption from taking consent to establish and to operate. IPPs are required to send intimation only about their plant setup.

Types of waste	2017-18	2018-19	2019-20	2020-21
Broken solar module (Kg)	38250	54354.7	54355	22580
Used batteries (no.)	40	207	715	906
Used oil (liter)	13380	15705	111024	32280
Grease (kg)	180	182	9999	1273
Oil soaked cotton (kg)	3153	3601	11885	6521

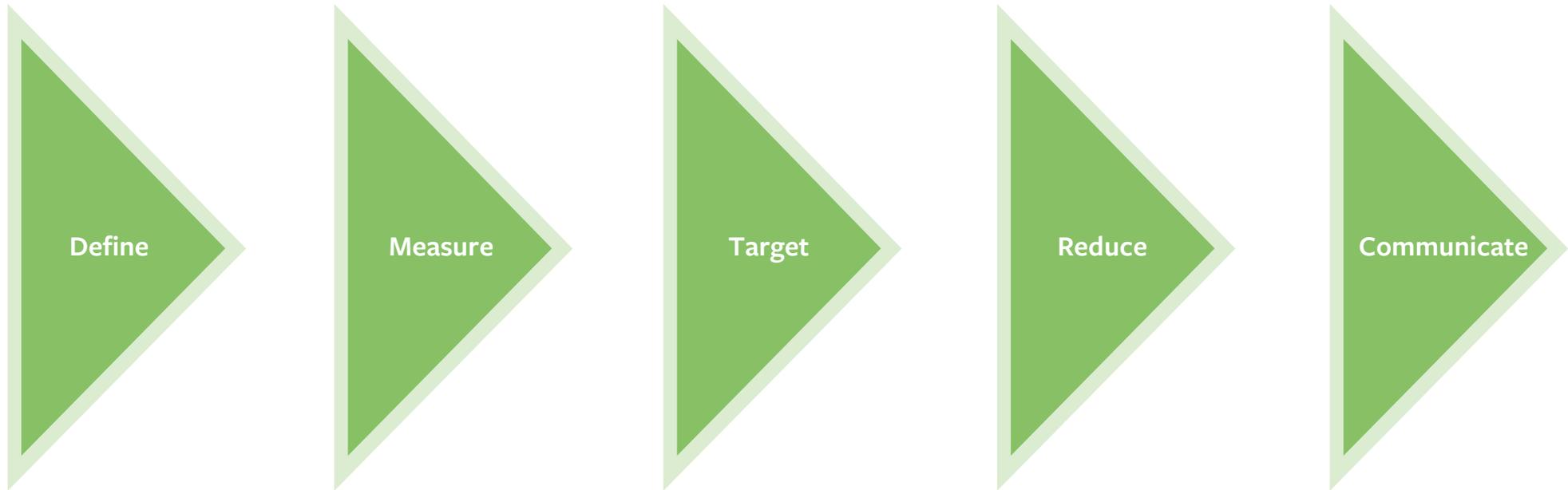
During FY 2019-20, we were in the construction phase of our solar plant in **India’s largest solar park in Rajasthan**, but in FY 20-21 no new project was commissioned which led to reduction in waste generated from broken solar modules by **58%**, used oil by **70%**, grease by **85%** and oil soaked cotton down by **45%** only waste from used batteries increased by **26%**.

Biodiversity

The organization is committed to make its operation biodiversity friendly. We are committed to define and measure our contribution towards global conservation goals and directly address the perilous state of species and ecosystem.

- Make powerline visible for birds by installing bird diverters
- Ensure minimum 1.5/2.0 mtrs distance between conductors to avoid collision and electrocution of birds
- Install bird perch deterrents to deter bird perching on towers to reduce electrocution risk
- Use ‘staggered cross arms with suspended insulators’ design for construction of powerlines in our project location
- Jumpers on electric poles would be covered by insulators to prevent electrocution of birds
- Jumpers would pass under the crossarms instead of overhead
- Use suspended chain insulators instead of upright pin insulators
- Discourage nesting of birds on transformers and poles
- Control movement of people and vehicles in restricted areas
- Educate staff and drivers to check if animals are crossing roads while driving
- Ensure staff members are not involved in poaching or killing of wild animals such as birds and animals like Chinkara etc.

Key focus to accomplish the vision of being Climate Positive by 2030



Scope 1, 2, 3 emission

HFE aims to become **climate positive** by 2030, by reducing more greenhouse gas emissions in absolute terms than our project lifecycle emits, while growing our business. We intend to offset scope 3 emissions, besides scope 1 & 2 emissions, through collaborating with our stake holders and aiding them to reduce their carbon footprints and become more responsible towards environment.

Objectives of measuring scope 3 emissions

- Identify emission hotspots in HFE's supply chain
- Categorize suppliers based on their sustainability performance
- Engage with suppliers and assist them to implement sustainability initiatives
- Improve energy efficiency of raw materials used at HFE's plant
- Positively engage with employees and create awareness about reducing emissions from business travel and workplace commute

Future of Biodiversity management

- HFE will prepare and define a Biodiversity Management System (BMS) for its entire operation by 2030. This BMS will be made in line with IUCN's guidelines for planning and monitoring corporate biodiversity performance
- HFE will measure, verify and disclose biodiversity performance [plant/ animal depending on project area/ identify species in flora and fauna species]

**People
Positive**



People Positive Approach

HFE has embarked on a ‘People Positive’ journey by defining the agenda and strategy of actualising the organization’s sustainability vision for the next decade. This means rethinking and addressing challenges of climate change, education system, wasteful consumption, and growing inequalities by leveraging partnerships with relevant foundations in social sector, co-workers, vendors, and communities. We aim to sustainably rebuild our planet, where needs of people today are met without compromising the needs of future generation.



HFE’s Checklist for ESG, Sustainability and Sustainable Development vision for 2030

- 1) **Goal setting:** For material ESG risks at HFE, develop a set of goals for 2030 and link those goals with short-term targets and measurement.
- 2) **Strategy:** Ensure that our business strategy responds to the most material ESG risks at HFE and the sector (using MoSPI’s National Indicator Framework as a guidance) and opportunities (using Sustainable Development framework as guidance).
- 3) **Disclosure:** Develop a robust disclosure effort in lines with GRI core standards. Importantly, communicate to investors about HFE’s approach.



Bhawna K Mital
Lead for HR, CSR, Admin & IT

Life was normal till the time we realised that we were witnessing a once in a 100-year pandemic, that hit us in March 2020. It suddenly changed the way we have been living and working. Life came to a standstill initially; news of lockdown and anxiety took centre stage. HFE responded by sensitizing its people and local communities on protocols related to covid care. With health and safety at the core, we engaged with hospitals, wellness institutes and professionals to offer timely support and deliver awareness sessions to our people that focused on physical, emotional and mental wellbeing of our employees. COVID-19 necessitated the shift to work remotely, HFE has been amongst the early adapters by announcing ‘Work from Home’ policy. I am pleased to report that throughout the reporting period, all our projects have been operational, without any disruptions.

Key focus to accomplish the vision of being People Positive by 2030

- 1 **Inclusion and Diversity at workplace**
 - Reinforce a work culture around the established value system at HFE to accomplish its People Positive vision
 - Build upon deepening learning and skill development of HFE employees through internal and external capability development programs
- 2 **Empowering communities around HFE plant locations**
 - Consider the NITI Aayog SDG Index as a base while identifying locations for new Asha Centres and consider the National Indicator Framework by MoSPI to identify the indicators for identifying children in rural areas by age and other relevant parameters
 - Leverage partnerships
- 3 **Achieving ZERO fatality and Reportable Loss Time Injury [LTIR]**

➔ Read more on **page 37-42** in HFE’s sustainability disclosure of FY 2019-20 to know the background of our **human and social capital**.

Inclusion and Diversity at workplace

During Pandemic HFE focussed on:

- Journey towards paper less and automation workflow process
- We led the work involved in setting up and developing the online HRIS [Human Resource Information System]
- Embed understanding of performance techniques - ‘Train the trainer’ and Mentorship program were very well accepted
- Enforcing WFH policy nearly for the entire reporting period with clear focus on employee safety and productivity
- Conducting covid specific awareness webinars around health and wellness, also onboarded a professional counsellor to assist our people with their emotional/mental issues
- Motivating our people with appreciation letters and scheduled online feedback meetings with team leads

Employees	Total 318 On roll 318 On site 63 International offices 05
Recruitment	India - 29 (on roll)
Age group	India (on roll): Below 30: 75 Between 30-50: 219 Above 50: 06
Demography	India (on roll) Corporate Office M: 215 F: 31 On site M: 54 F: 0
Attrition rate (Actual)	10.4%

Skills and Diversity

2017-18 (Category)	No. of Employees	B.Tech	MBA	BSC	CA	CFA	CS	B.Com	Others
CEO, CMD	2								
Senior	11	8	5	3	1	1	1	1	8
Middle	48	19	20	2	3	4	2	10	15
Junior	173	70	30	2	9		11	40	57
Total Employees	234								
2018-19 (Category)	No. of Employees	B.Tech	MBA	BSC	CA	CFA	CS	B.Com	Others
CEO, CMD	2								
Senior	18	10	8	4	2	1	2	3	
Middle	54	22	21	4	5		2	10	10
Junior	216	93	44	4	9		14	48	10
Total Employees	290								
2019-20 (Category)	No. of Employees	B.Tech	MBA	BSC	CA	CFA	CS	B.Com	Others
CEO, CMD	2								
Senior	19	10	7	4	2	1	2	3	
Middle	58	24	20	3	8		1	14	2
Junior	239	106	48	6	12		10	53	13
Total Employees	318								
2020-21 (Category)	No. of Employees	B.Tech	MBA	BSC	CA	CFA	CS	B.Com	Others
CEO, CMD	2								
Senior	14	6	5	3	2	1	2	3	5
Middle	60	23	12	2	6		1	12	4
Junior	224	90	44	8	18		16	57	26
Total Employees	300								

Trainings conducted in FY 2020-21

321 total participants

2525 total hours

7.87 average training in hours per employee per year

23 female attended

73% female % - attended trainings

94% male % - attended trainings

27 senior management

Mentorship Program

In the organization's journey to prepare for tomorrow, amidst the pandemic, HFE extended its mentorship programme beyond campus hires and included people from lower to middle management as mentees.

The organization handpicked people and presented a formal and structured approach to groom. HFE partnered with 'Human Training Consultants' to launch and monitor the entire journey of mentors and mentees.

Employee Speak



Ritu Agarwal

F&A team

This has been a truly transformational journey for me. I feel more focussed towards my professional goals. I am confident about discussing and sharing my concerns with senior management at HFE. I feel more secured about my career progression at HFE after undergoing the mentorship program. Honestly, my relationships both at home and in office have improved. Since, we have been working from home, I am using my time productively to explore ways to upgrade my professional skills.



Animesh Sharma

C&I, India team

The mentorship program format at HFE was executed quite professionally. The program structure clearly pointed out the purpose from day one. I found my journey as a mentor quite interesting. While grooming my mentees, I evolved as a more approachable team leader. During the mentorship sessions, I enjoyed the two-way communication on almost every aspect - career exploration, corporate culture, soft skills development, organizational understanding and work-life balance.

Action Plan in FY 21-22:

- 1 Strengthen the format and style of delivery for Mentorship program by partnering with renowned training consultants / online training portals to offer a wider variety of professional programs to address our growing needs for skill upgradation as well as reach out to a larger employee base in India and other countries

Ethics and Culture

In FY 20-21, HFE conducted online surveys to identify signals and to strengthen a culture of trust, communication, and mutual respect across the organization. With **People Positive** motto at the core, initiatives were taken during the reporting period, through townhalls, emailer campaigns and feedback surveys to impart a sense of transparency and professionalism to retain/attract high-potential talent. HFE expects employees to do what's right and to treat everyone with respect, fairness and dignity.

Empowering communities around HFE plant locations

Covid Response:

On 11 March 2020, WHO declared novel corona virus COVID-19 outbreak as a pandemic. India was at a crucial juncture in its fight against COVID-19. This called for immediate action to scale up response to save people’s lives and livelihood. To support the cause Dr. Pawan Munjal, Managing Director of Hero MotoCorp on behalf of the Hero Group pledged INR 100 crores towards the relief-efforts. While half of the total sum, i.e. Rs 50 crore, was dedicated to PM-Cares (Prime Minister’s Citizen Assistance and Relief in Emergency Situations) Fund, the remaining amount was utilised for other relief measures.

At the midst of the pandemic, HFE primarily focussed towards supporting local communities around HFE project locations and building sustainable relationships. At the heart of these initiatives was the belief that companies that hold themselves accountable to their stakeholders will be more viable and valuable in the long-term. Our social, environmental and economic concerns is closely integrated and aligned to values, purpose, culture, business strategy and operations of the organization.

INR 10 million contributed to PM- cares fund by HFE

INR .54 million was spent for community development initiative in collaboration with the social arm of Hero Group Ramankant Munjal Foundation.

~20,000 BPL families recieved food items [Rice Wheat, Oil, Sugar, Salt, Turmeric, Red Chilli Powder and cearels

~1,35000 masks in 150 villages

Asha Centres: Primary Education Outreach Program for BPL Families

FY 20-21 posed great challenges for children and teachers at Asha centres. HFE in partnership with Ramankant Munjal Foundation increased the scope of this initiative by supporting teachers with tablets and regular trainings to upgrade their skill set. Teachers were trained to prepare voice notes and videos to retain the interest of children during virtual sessions.

Year	Location	No. of centres	No. of students
2017-18	Dhar, Madhya Pradesh	10	250
2018-19	Dhar, Madhya Pradesh	15	392
	Pratapgarh, Rajasthan	10	252
2019-20	Dhar, Madhya Pradesh	15	327
	Pratapgarh, Rajasthan	10	181
2020-21	Dhar and Pratapgarh	25	564

Skill Centres: Enabling Livelihood Opportunities for Women folk in Rural India

With initiation of skill centre at Dhar in collaboration with RKMF in FY 20-21, HFE aims to improve lives of women in rural India. The first batch of 20 women are undergoing a nine-month tailor training.

Stakeholder Speak



Mamta, trainer at Skill development centre in Dhar district of Madhya Pradesh

I felt quite proud to be selected as the first trainer of the tailoring unit by Hero in Dhar district. I enjoyed the refresher course conducted by RKMF. I get regular guidance and counselling from RKMF. During the pandemic, my salary from Hero helped me to run the household, as my husband was not getting paid.”
Employees Speak



Naresh Kumawat
Zonal in charge, Madhya Pradesh

Migrant workers and local communities in my region felt the heat of lockdown and covid. On behalf of HFE, we distributed basic grocery food kits in the early stages of lockdown in FY 20-21, distributed 200 kgs of rice and masks which helped them to sustain themselves during such tough times. I feel honoured to be part of this noble initiative by HFE.



Manish Pandey

Zonal in charge of HFE’s solar projects in Rajasthan
In my region, throughout the pandemic, we have been coordinating with village Development Officers for distribution of basic food kits in villages and to migrant laborers. We formed a team to spread awareness about wearing of masks and social distancing. I am happy to report that not only authorities were satisfied by HFE’s effort during such difficult times, but local publications were also vocal about it.

HFE’s Social Action Framework

- Community building initiatives are primarily taken to promote inclusive growth and address the basic needs of deprived, underprivileged, neglected and weaker sections of the society in the areas we operate and government support or support from NGOs are inaccessible.
- Need analysis research and risk assessment study forms the basis of our CSR approach

- Our community development initiatives in Dhar district of Madhya Pradesh and Pratapgarh district of Rajasthan, India are directed towards the tribal community serving as farm labourers
- We have reached out to children in tough terrain areas of Ladakh, where quality education and basic amenities are non-existent

Comittee Name	Monitoring Methodology	Purpose
CSR Committee	Quarterly meetings, Director’s report	Decision on initiating any activity; monitor performance, scrutinize expenditure & analyse outcome
	Need Analysis Survey*	Analyse the outcome of annual survey conducted by zonal site in charges during the last quarter of every financial year to decide upon CSR projects for the next financial year
	Impact Assessment Report**	SIA will assist CSR committee in evaluating goal setting, project planning and implementation, thus ensuring maximum Social Return on Investment (SROI). HFE intends to conduct SIA/SROI through Implementation Agency/ Third Party for its prominent CSR Projects.

*In FY 20-21, because of the pandemic situation, requirement letters of SDM and Panchayats have been presented to CSR committee.
**Social Impact Assessment (SIA) HFE intends to conduct SIA/SROI for prominent projects in Future.
1 Whether the programs were designed in line with the needs of the community and organization’s mission/ vision.
2 Whether the right mechanism was adopted for implementing the interventions.
3 Whether the goals and objectives decided at the beginning of the programs were achieved.
4 Whether there are any unexpected changes or negative effects in the lives of the target community.

Partner Speak



Ravi Pahuja

Chief Operating Officer, RKMf

For the past three years, this strategic partnership has been successfully empowering lives of communities in Madhya Pradesh and Rajasthan through diverse initiatives. This collaboration aims to carry forward the legacy of Raman Kant Munjal Foundation [RKMf-a Hero Group Initiative] which for the past 30 years has been working in areas of education, skill development, livelihood and various community development programs in remotest parts of rural India, to bring about positive and sustainable changes within the society.

Planned Activities in FY 21-22

- 1 Put appropriate measures in practice for ensuring that the PTR ratio is in same proportion even as number of students tend to increase
- 2 Conduct comprehensive need assessment and brainstorming study to capture appropriate placement / number of solar lights visa-a-vis benefits to villagers
- 3 Select and conduct skill trainings which will be more pertinent in the next 10 years

Achieving ZERO fatality and Reportable Loss Time Injury [LTIR]

Response to Pandemic

- Issued preventive guidelines for employees and contractor’s workforce
- Conducted HSE audit and inspections across our plant locations remotely

Achievements in FY 2020-21

- Conducted 556 trainings for employees and contractual workforce
- Imparted more than 39 hrs of training /person
- First aid trainings were provided to 100% employees and workers onsite
- Completely digitized safety reporting and incident management
- Initiated response-based survey mechanism to gauge training impact
- Successfully completed all activities throughout the reporting period without any reportable LTIR

51546 man hours of safety training since FY 2017-18

39 hrs of training / person/ year

HFE ensures safety of its people and workforce through several levels of checks and balances, policies and management systems, training and awareness raising sessions. These trainings are aimed to bring about a behavioural change in a systematic manner.

→ Read more on **page 30-36** in HFE’s sustainability disclosure of FY 2019-20 to know the background of our **health and safety priorities**.

Key Performance Indicators	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Total Man Days Worked	614054	424200	617671	385398
Total Man- Hours Worked	4912432	3393600	4941368	3074067
Cases of First Aid (FA)	69	42	84	16
Cases of Near Miss	150	124	211	47
No of Reportable Lost Time Injury (RLTI)	00	00	00	00
Fatal Accident	00	00	00	00
Frequency Rate of RLTI	00	00	00	00
Severity Rate of RLTI	00	00	00	00
Total No of Training Conducted	324	336	370	556

Planned Activities in FY 21-22

Implement ISO 9001, 14001, 45001 through integrated management system

To accomplish our vision of being People Positive, we have been focussing on 10 aspects across all project locations in India.



Driving safety



Work Permit



PPE



LOTO



Work at height



Bio Hazards



Dropped objects



Hand Tools



Lifting & Hoisting



High Voltage

**Water
Positive**



Water Positive Approach

HFE’s sustainability strategy for water will continue to remain one of the most crucial elements in our sustainability vision for 2030. All efforts to optimise usage, conserve, and manage this important resource in a sustainable manner will be one of our key focus areas. We aim to create positive footprints in water with use of latest technologies, through rainwater harvesting, both at our plant locations and through relevant watershed projects.



Sudhir Pathak
Head of Design & Engineering

We as a Green Energy Producer are natural displacers of Green House Gases (GHGs). Further, as a responsible denizens of mother earth are also extremely sensitive as well as cautious on conserving water, another very vital element of the ecosystem. As a conscious approach, on one side, we are poised to drastically optimise water usage through deployment of dry-cleaning robots in our solar plants and through innovative methods would be augmenting rainwater harvesting systems as well. I am quite excited to steer HFE’s Water Positive Journey.”

HFE’s Checklist for ESG, Sustainability and Sustainable Development vision for 2030

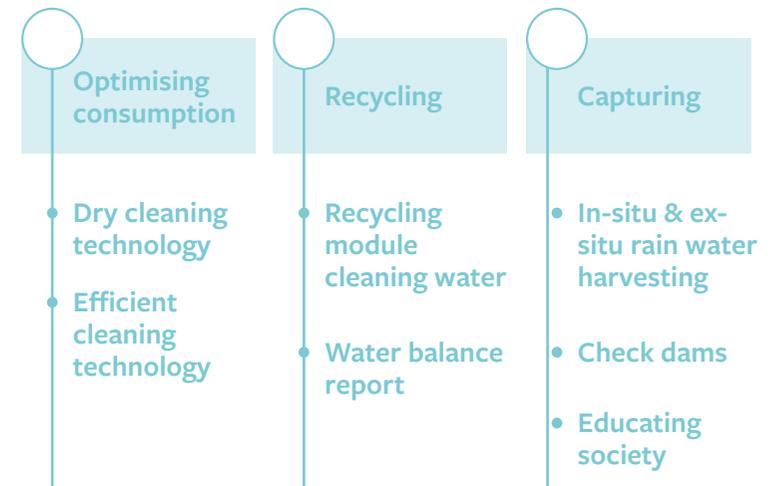
- 1) **Goal setting:** For material ESG risks at HFE, develop a set of goals for 2030 and link those goals with short-term targets and measurement.
- 2) **Strategy:** Ensure that our business strategy responds to the most material ESG risks at HFE and the sector (using MoSPI’s National Indicator Framework as a guidance) and opportunities (using Sustainable Development framework as guidance).
- 3) **Disclosure:** Develop a robust disclosure effort in lines with GRI core standards. Importantly, communicate to investors about HFE’s approach.

Key focus to accomplish the vision of being Water Positive by 2030

- 1 Water Consumption at sites
- 2 Water Consumption in the Community

Merely 2.7% of water available on earth is fresh water and that only 4% of that is available in India, accounting for 18% of the world’s population. Hence Water will, continue to remain one of the most critical elements in developmental planning in the country. All efforts to develop, conserve, utilise and manage this important resource in a sustainable manner will be essential.

In order to be **water positive** for HFE’s operations by 2030, we will continue to replenish water consumption at our project locations through various water conservation measures. To achieve this, three critical steps are :



Water Consumption at Sites

Robotic dry-cleaning technology: Water Conservation measure onsite

In FY 20-21, HFE initiated robotic dry-cleaning technology for cleaning solar panels at Bhadla solar park in Rajasthan, India.

Across our operations, water is principally used to clean photovoltaic modules usually twice a month. As a shared resource, water conservation and management at Hero Future Energies has been our topmost priority. The organization’s approach and interventions towards being a **Water Positive** organization includes:

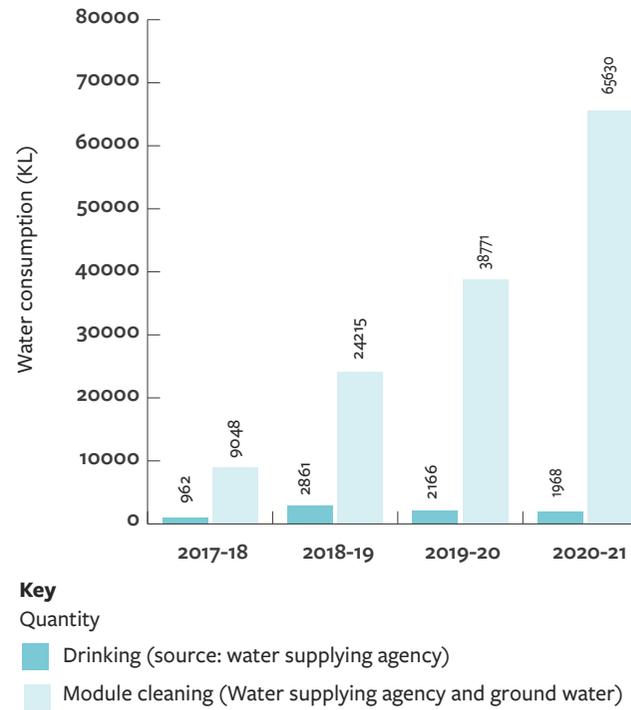
- 1 Optimizing water usage for plant operations
- 2 Adopting technologies like dry cleaning to reduce water usage
- 3 Create a positive impact on water tables and watershed in areas of our operation to achieve water positivity
- 4 Implementing Check dams to facilitate irrigation and sanitation
- 5 Educating communities about water efficient farming techniques

80,07255 modules implemented for 100MW capacity

Activities planned in FY 21-22

- 1 We would be deploying robotic dry-cleaning technology for another 200 MW capacity in Bhadla solar park, Rajasthan, India
- 2 We will implement in-situ rain water harvesting across HFE’s 5 project locations

Water Consumption at site



50% increase in operation capacity of solar portfolio

Water Consumption in the Community

Activities planned in FY 21-22

- 1 Conduct need assessment study capturing the impact of access to clean drinking water - reduction of water borne diseases after installation of ATMs
- 2 Leverage partnerships to capture impact of water management initiatives - increase in crop yield, or impact on groundwater table
- 3 Consider the NITI Aayog SDG Index as base while identifying locations and the National Indicator Framework by MoSPI to identify the indicators for effective implementation
- 4 Focus on improving sanitation facilities in government schools across all HFE’s project locations schemes.

➔ Read more on [page 58](#) in HFE’s sustainability disclosure of FY 2019-20 to know about **water consumption at sites**

Assurance Report by Carbon Check



Sustainability Assurance Report for “Climate Positive | People Positive | Water Positive” - A Sustainability Report by Hero Future Energies Private Limited for FY 2020-21

Assurance Provider’s moderate level assurance report

To the Board of Directors of Hero Future Energies Private Limited (herein after referred as “HFE”)

We have undertaken to perform the following assurance engagements for Hero Future Energies Private Limited vide agreement dated 20/07/2021 (the ‘agreement’) for providing independent assurance services on the performances to be reported in the Sustainability Report titled “Climate Positive | People Positive | Water Positive” of FY 2020-21 by Hero Future Energies Private Limited:
AA1000AS v3, Type 1 assurance with “Moderate Level” assurance requirements in respect to the principles of inclusivity, materiality and responsiveness as defined in the AA 1000 ACCOUNTABILITY principles 2018 (the “AA1000 ACCOUNTABILITYPrinciples”) and reliability of the specified information regarding the identified sustainability indicators.

Identified Sustainability Indicators

The Identified Sustainability Indicators are summarized below:

General Disclosures
<ul style="list-style-type: none"> • Organizational profile: 102-1, 102-2, 102-3, 102-4, 102-5, 102-10 • Strategy: 102-14 • Ethics & Integrity: 102-16 • Governance: 102-18 , 102-20 • Stakeholder’s Engagement: 102-40 to 102-43 • Reporting Practice: 102-46, 102-48, 102-50 to 102-52
Management Approach
<ul style="list-style-type: none"> • 103-1 to 103-3
Specific Disclosures
<p>Economic</p> <ul style="list-style-type: none"> • Anti-corruption: 205-2 <p>Environmental</p> <ul style="list-style-type: none"> • Materials: 301-1 • Energy: 302-1 • Biodiversity: 304-1 • Emissions: 305-1, 305-2 • Waste Management: 306-3, 306-5 <p>Social</p> <ul style="list-style-type: none"> • Occupational Health and Safety: 403-1, 403-2, 403-4, 403-5, 403-6, 403-7, 403-09, 403-10 • Training and Education : 404-1, 404-2 • Diversity and Equal Opportunity: 405-2 • Local communities: 413-1

Criteria

The criteria used by HFE to prepare Identified Sustainability Indicators are:

- **Criteria 1:** Global Reporting Initiative (GRI) Standards by Global Sustainability Standards Board (GSSB).
- **Criteria 2:** AA 1000 ACCOUNTABILITY principles 2018 for determination of materiality, responsiveness and inclusivity and reliability of the specified information with regard to the identified sustainability indicators.

Management’s Responsibility

HFE’s Management is responsible for identification of key aspects, engagements with stakeholders and the content and reliability of the specified information with regard to the identified sustainability indicators in respect of Criteria 2 and the preparation and presentation of the Sustainability Report in accordance with the Criteria 1 stated above. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the sustainability report and measurement of Identified Sustainability Indicators, which is free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial indicators allows for different, but acceptable, measures and measurement techniques

and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Responsibility

Our responsibility is to express a moderate level assurance conclusion on the Identified Sustainability Indicators based on the procedures we have performed and evidence we have obtained. We have conducted our engagement in accordance with AA1000AS v3, Type 1 assurance with “Moderate Level” assurance requirements and Guidance on applying the AA1000AS v3 for Assurance Providers. This standard and the Guidance require that we plan and perform this engagement to obtain moderate level assurance about whether the Identified Sustainability Indicators are free from material misstatement including that due to fraud or error, and to evaluate the overall presentation of the Identified Sustainability Indicators in accordance with GRI Standards and the principles set out in AA 1000 ACCOUNTABILITY principles 2018 which involves assessing the suitability in the circumstances of HFE’s use of the criteria as the basis for the preparation of the subject matter and reliability of the specified information with regard to the identified sustainability indicators. Our moderate level assurance shall not be taken as a basis for interpreting the HFE’s performance across the scope of aspects covered in the Sustainability Report. A moderate level assurance engagement is substantially less in scope than a high level assurance engagement in relation to both the risk assessment

procedures, including an understanding of internal control and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Hence, the level of assurance obtained in a moderate level assurance engagement is substantially lower than the assurance that would have been obtained with high level assurance engagement. Accordingly, we do not express a high level assurance opinion about:

- Whether the Identified Sustainability Indicators have been prepared in all material respects, in accordance with the Criteria, or
- Whether the requirements of the principles of inclusivity, materiality and responsiveness parameters of AA 1000 have been considered in the preparation of the Identified Sustainability Indicators and reliability of the specified information with regard to the identified sustainability indicators.

The moderate level assurance engagement involved performing the procedures listed above pursuant to which we carried out the following specific procedures. The procedures performed in a moderate level engagement vary in nature and timing from, and are less in extent than for, a high level assurance engagement.

With regard to the compliance of the Identified Sustainability Indicators with the AA 1000 ACCOUNTABILITY principles 2018 and reliability of the

specified information with regard to the identified sustainability indicators, we conducted the following procedures:

- Obtained a fundamental understanding of the application of the AA 1000 ACCOUNTABILITY principles 2018 by interviewing responsible employees for stakeholder management at HFE
- Random sampling concerning the understanding of the documentation regarding stakeholder dialogue, communication with stakeholders
- Understanding the materiality analysis at corporate level for analysing and prioritizing sustainability topics and ascertaining areas for action.

Regarding the compliance of the Identified Sustainability Indicators with the GRI Standards, we conducted the following procedures:

- Made enquiries of HFE’s management, including the EHS and Sustainability team, Corporate Social Responsibility (CSR) Team and those with responsibility for CSR management and Sustainability reporting.
- Understand and evaluate the design of the key structures, systems, processes, and controls for managing, recording and reporting on the selected sustainability indicators.
- Review of the Sustainability Report for detecting, on a test basis, any major anomalies between the information reported in the Sustainability Report on performance with respect to Identified Sustainability indicators and relevant source data/information
- Review of the materiality analysis and stakeholder Agreement followed by the Company in preparing the Sustainability Report.

- Our review covered the corporate office in Delhi and 2 project sites as identified by the management i.e.,Bhadla Solar Power Plant and Gunga Wind Power Plant. Performed limited substantive testing on a sample basis of the Selected Indicators at corporate head office, and in relation to the two sites as visited i.e., Bhadla Solar Power Plant and Gunga Wind Power Plant and, to check that data had been appropriately measured, recorded, collated,and reported and
- Considered the disclosure and presentation of the agreed Indicators/ parameters.
- Obtained representations from HFE’s Management.

Exclusions

Our moderate level assurance scope excludes the following and therefore we do not express a conclusion on the same:

- Operations of the company other than those included in the reporting boundary
- Information other than those specified under ‘Identified Sustainability Indicators’
- Aspects of the Report and the data/information (qualitative or quantitative) other than the identified Sustainability indicators above.
- Data and information outside the defined reporting period i.e. April 1, 2020 to March 31, 2021.
- The company statements that describe expression of opinion, belief, aspiration, expectation, aim or future intentions provided by HFE

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for VVB (Validation & Verification body), which is founded on fundamental principles of integrity, objectivity,

professional competence and due care, confidentiality and professional behaviour. Management and staff of Carbon Check are committed to excellence in the provision of impartial and competent assurance services covering the relevant requirements. Our overall commitment to the success of the business and its service rests on two main pillars, being impartiality and competence, whilst also supported by openness, responsiveness and clearly defined responsibilities.

Moderate level Assurance Conclusion

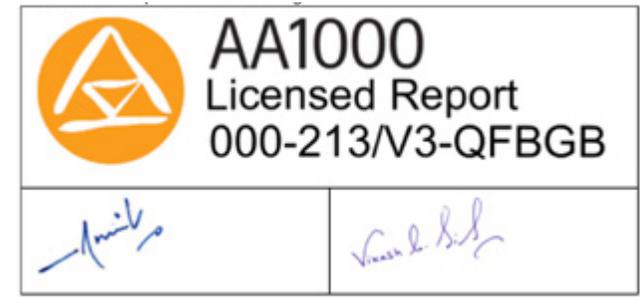
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

- HFE’s Identified Sustainability Indicators contained in the Sustainability Report for the year ended March 31, 2021 are not prepared, in all material respects, in accordance with the Global Reporting Initiatives (GRI) Standards.
- HFE does not have systems and processes in place to comply with the AA 1000 ACCOUNTABILITY principles 2018 i.e. inclusivity, materiality and responsiveness in the preparation of the Identified Sustainability Indicators and reliability of the specified information with regard to the identified sustainability indicators.

Restriction on Use

Our moderate level assurance report has been prepared and addressed to the Board of Directors of HFE at the request of the company solely to assist the company in reporting on the Sustainability performance and activities. Accordingly we accept no liability to anyone, other than HFE. Our deliverables

should not be used for any other purpose or by any person other than the addressees of our deliverables. The Assurance Provider neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our deliverables are shown or into whose hands it may come without our prior consent in writing.



Name: Amit Anand	Name: Vikash Kumar Singh
Designation: Chief Executive Officer	Designation: Executive Director
Place: New Delhi, India	Place: New Delhi, India
Date: 06 th August 2021	Date: 06 th August 2021

Annexures

Table 1 Current Project Portfolio

								2017-18		2018-19		2019-20		2020-21	
Site	Location	Comissioning Year	State	Wind/Solar	Capacity (MW) AC	Capacity (MW) DC	Land (Acre)	Generation (KWh)	Emission saved (tCO ₂ e)	Generation (KWh)	Emission saved (tCO ₂ e)	Generation (KWh)	Emission saved (tCO ₂ e)	Generation (KWh)	Emission saved (tCO ₂ e)
CSP Tumkur	Chikkanayahalli	2017-18	Karnataka	Solar	20	22	118	16536892	15048	39214665	36077	36059445	33174	36300150	33033.1365
	Gangavathi	2017-18	Karnataka	Solar	20	22	119	11872500	10803	36936000	33981	36409500	33496	37011000	33680.01
	Madhugiri	2018-19	Karnataka	Solar	20	22	116		0	38270382	35208	39769192	36587	37034550	33701.4405
	Korategere	2017-18	Karnataka	Solar	20	22	87	14850	13	5851440	5383	5889915	5418	5713200	5199.012
	Chittapura	2017-18	Karnataka	Solar	20	22	116	4301700	3914	25706700	23650	32049300	29485	35173500	32007.885
	Chamarajnagar	2017-18	Karnataka	Solar	20	22	118	5378400	4894	30119850	27710	38200950	35144	37434150	34065.0765
	Kollegala	2017-18	Karnataka	Solar	20	22	111	533839	485	25817670	23752	38810002	35705	37091250	33753.0375
	Shahpura	2017-18	Karnataka	Solar	20	22	134	4301700	3914	25706700	23650	32049300	29485	37069500	33733.245
	Gundlupet	2017-18	Karnataka	Solar	20	22	106	1940219	1765	37336289	34349	41993855	38634	36724050	33418.8855
CSP Gulbarga	Kurdi Cross	2017-18	Karnataka	Solar	50	55	287	24955000	22709	92561000	85156	89351500	82203	91696500	83443.815
	PD Kote	2017-18	Karnataka	Solar	30	33	141	5859750	5332	23585250	21698	31402800	28890	30437550	27698.1705
	Margutti	2018-19	Karnataka	Solar	40	44	221		0	50682500	46627	72955000	67118	72972500	66404.975
	Sindhanoor	2018-19	Karnataka	Solar	40	44	236		0	49842500	45855	70930000	65255	73225000	66634.75
	Aurad	2017-18	Karnataka	Solar	40	44	243	197500	179	47675000	43861	71767500	66026	71747500	65290.225
CSP Hiriyur	Rampura	2017-18	Karnataka	Solar	10	11	52	16433640	14954	16313760	15008	16072020	14786	15399600	14013.636
CSP Bellary	Karakal	2017-18	Karnataka	Solar	20	22	124	18481500	16818	37444500	34448	36039000	33155	34699500	31576.545
CSP Chitradurga	Siddipet	2018-19	Telangana	Solar	40	44	224		0	11322070	10416	55805869	51341	65463230	59571.5393
Waneep Solar	Gurram Kanda	2018-19	Andhra Pradesh	Solar	25	27.4	102		0	37709700	34692	39792700	36609	42504715	38679.29065
	Nagari	2018-19	Andhra Pradesh	Solar	25	29.8	88		0	17008900	15648	38939800	35824	37748565.3	34351.19442
RGSEPL	Barod	2017-18	Madhya Pradesh	Solar	43	48	250	59186000	53859	81063700	74578	73503000	67622	83714200	76179.922
CSP Dhar	Alote	2017-18	Madhya Pradesh	Solar	30	32	183	47905700	43594	47107950	43339	45254300	41633	48230446	43889.70586

								2017-18		2018-19		2019-20		2020-21	
Site	Location	Comissioning Year	State	Wind/Solar	Capacity (MW) AC	Capacity (MW) DC	Land (Acre)	Generation (KWh)	Emission saved (tCO2e)						
Waaneep Solar	Ichhawar	2019-20	Madhya Pradesh	Solar	50	57.8	234		0		0	85114400	78305	88585599.94	80612.89594
CSP Bhadla	R1	2019-20	Rajasthan	Solar	100	150	495		0		0	41629901	38299	244920065	222877.2592
CSP Bhadla	R2	2019-20	Rajasthan	Solar	100	150	494		0		0	35810583	32945	245245939	223173.8045
CSP Bhadla	R3	2019-20	Rajasthan	Solar	100	150	498		0		0	65535223	60292	243255843	221362.8171
Vayu Urja Bharat	Guruepalli	2017-18	Andhra Pradesh	Wind	120			151481482	137848	320623071	294973	240005756	220805	247514000	225237.74
CWP Piploda	Piploda	2017-18	Karnataka	Wind	50			135096547	122937	149660661	137687	140271612	129049	123461100	112349.601
TV- CT	Tamilnadu	2017-18	Tamilnadu	Wind	17			33035424	30062	30414759	27981	26554600	24430	26128770	23777.1807
CWP Devgarh	Dangri	2017-18	Rajasthan	Wind	40			60751344	55283	48289074	44425	33959693	31242	32883465	29923.95297
	Gunga	2017-18	Rajasthan	Wind	40			80804815	73532	88352840	81284	86450052	79534	72494640	65970.1224
	Devgarh	2017-18	Rajasthan	Wind	38			67371771	61308	75450804	69414	72801090	66977	65255269	59382.29495
CWP Ratlam	Badnawar	2017-18	Madhya Pradesh	Wind	100			202243426	184041	224210637	206273	228076728	209830	185231600	168560.756
BGEL	Kukudwad	2017-18	Maharashtra	Wind	50			19502955	17747	98552040	90667	94817025	87231	77998960.28	70979.05386
CWP Satara	South budh	2017-18	Maharashtra	Wind	32			52124159	47432	63016450	57975	26554600	24430	49042929.08	44629.06546
CWP-MANVI Pvt Ltd	Kavithal	2017-18	Karnataka	Wind	50			111781964	101721	127843256	117615	126472342	116354	97104000	88364.64
LNJ Power Venture Ltd	Dangri	2018-19	Rajasthan	Wind	20			0	0	22576286	20770	16695043	15359	23350691.91	21249.12964
CWP Manvi	Kavithal	2018-19	Karnataka	Solar	29		153.72	37446891	34076	51372368	47262	8946000	8230	55441800	50452.038
								1169539968	1064268	2077638772	1911412	2272739596	2090902	2845305328	2589227.849

Emission factor - 0.91 t CO₂ / Mwh

Table 2: Consolidated Generation data for wind and solar

Key Perform. Indicators	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Solar energy generated (GJ)	3291098	4496364	3933571	3601676
Wind energy generated (GJ)	919246	2983136	4248292	6641424

Table 3: Energy consumption data

Parameter	Quantity			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Diesel (Litres) Non-Renewable	174105	352700	358100	227540
Petrol (Litres) Non-Renewable	3756	12151	28055	27784
Electricity (KWh) Non-Renewable	58980	521077	492548	187692

Table 4: Emissions

Greenhouse gas emission Scope	Emitted (tCO2e)			
Scope	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Diesel consumption	466	944	959	609.5
Petrol consumption	8	28	64	64
Electricity consumed	53.6718	479	453	170

Table 5: Material consumption

Material	Weight of material			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Solar module(Kg)	34221 620	8202 810	34481475	0
Module mounting structure (MT)	13040	3087	11636.94	0
Inverter (Kg)	652650	199400	360628	0

Table 6: Waste generated and disposal method

Types of waste	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Disposal method
Broken solar module (Kg)	38250	54354.7	54355	22580	E-waste recycler
Used batteries	40	207	715	32280	Authorized disposal agency
Used oil (liter)	13380	182	111024	1273	Authorized disposal agency
Oil soaked cotton (kg)	3153	3601	11885	6521	Authorized disposal agency

Table 7: Key performance matrix

Key Performance Indicators	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Total Man Days Worked	614054	424200	617671	385398
Total Man- Hours Worked	4912432	3393600	4941368	3074067
Cases of First Aid (FA)	69	42	84	16
Cases of Near Miss	150	124	211	47
No of Reportable Lost Time Injury (RLTI)	00	00	00	00
Fatal Accident	00	00	00	00
Frequency Rate of RLTI	00	00	00	00
Severity Rate of RLTI	00	00	00	00
Total No of Training Conducted	324	336	370	556

Table 8: Trainings

Total Participants	321	Female % attended	73%
Total hours	2525	Male % attended	94%
Avr Training in hours per employee per year	7.87	Senior management	27
Female attended	23		

Table 9: Employee Strength

Employees	Total 318 On roll 318 On site 63 International offices 05
Recruitment	India - 29 (on roll)
Age group	India (on roll): Below 30: 75 Between 30-50: 219 Above 50: 06
Demography	India (on roll) Corporate Office M: 215 F: 31 On site M: 54 F: 0
Attrition rate (Actual)	10.4%

Table 10: Water consumption

Water Cons. (KL)	Purpose	Source	Quantity			
			FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Drinking	Water supplying agency	Water supplying agency	962	2861	21166	1955
Module cleaning	Water supplying agency and ground water	Water supplying agency and ground water	9048	24215	38771	65630

→ Read more on page 49-65 in HFE's sustainability disclosure of FY 2019-20 to know about Whistle blowing | Anti bribery and anti corruption policy | Risk, internal audit & compliance - Charter | Occupational health safety & environment policy | CSR Policy | Code of conduct | Prevention, prohibition and redressal of sexual harassment of women at workplace

GRI Content Index

Disclosures	Reference Page Number or Weblink	Reference Page Number or Weblink	Omissions – Reasons and Explanations
Organisational profile			
102-1	Name of the organization	2, 6	
102-2	Activities, brands, products, and services	6	
102-3	Location of headquarters	6	
102-4	Location of operations	6, 32, 33	
102-5	Ownership and legal form	6	
102-6	Markets served	6	
102-7	Scale of the organization	6, 21	
102-8	Information on employees and other workers	6,21	
102-9	Supply chain	13	
102-10	Significant changes to the organization and its supply chain	N/A	There is no significant change in the reporting period
102-11	Precautionary Principle or approach	4, 9, 10, 11, 12, 18	
102-12	External initiatives	23, 24, 25	
102-13	Membership of associations	6	
Strategy			
102-14	Statement from senior decision-maker	3, 4, 5	
102-15	Key impacts, risks and opportunities	4, 5, 7, 9, 15, 20, 27	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	6	
Governance			
102-18	Governance structure	8, 9, 10	
102-20	Executive-level responsibility for economic, environmental and social topics	13	
Stakeholder engagement (Equity partners, RKMF, Key vendors)			
102-40	List of stakeholder groups	13	
102-41	Collective bargaining agreements	N/A	There is no Union at HFE. Appropriate mechanisms have been structured, considering the economic, environmental and social aspects of the on-site working employees as per applicable laws and grievance mechanisms
102-42	Identifying and selecting stakeholders	13	

Disclosures	Reference Page Number or Weblink	Reference Page Number or Weblink	Omissions – Reasons and Explanations
102-43	Approach to stakeholder engagement	13	
Reporting practice			
102-45	Entities included in the consolidated financial statements	2	
102-46	Defining report content and topic Boundaries	11, 12, 13	
102-47	List of material topics	13	
102-48	Restatements of information	N/A	No changes from last year
102-49	Changes in reporting	N/A	No change in material topics and topic boundaries from last year
102-50	Reporting period	2	
102-52	Reporting cycle	2	
102-53	Contact point for questions regarding the report	4	
102-54	Claims of reporting in accordance with the GRI Standards	2	
102-55	GRI content index	35-37	
102-56	External assurance	29, 30, 31	

Economic Performance - GRI 200

103 Management Approach			
103-1	Explanation of the material topic and its Boundary	13	
102-2	The management approach and its components	3, 4, 11, 12, 13, 15, 18, 20, 24, 27, 28	
103-3	Evaluation of the management approach	11, 12, 13, 25, 28	
201 Economic Performance			
201-1	Direct economic value generated and distributed	6	
201-3	Defined benefit plan obligations and other retirement plans	20	
203 Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	23	
203-2	Significant indirect economic impacts	23	
205 Anti Corruption			
205-3	Confirmed incidents of corruption and actions taken	13	

Environmental Performance - GRI 300

103 Management Approach			
103-1	Explanation of the material topic and its Boundary	13	

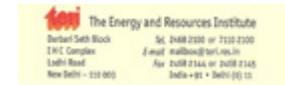
103 Management Approach			
103-2	The management approach and its components	3,4,11,12,13,15,18,20,24,27,28	
103-3	Evaluation of the management approach	11, 12,13,25,28	
302 Energy			
302-1	Energy consumption within the organization	16, 34	
302-2	Energy consumption outside the organization	16	
302-5	Reductions in energy requirements of products and services	6	
303 Water and Effluents			
303-1	Interactions with water as a shared resource	27, 28	
303-5	Water consumption	28, 34	
304 Biodiversity			
304-2	Significant impacts of activities, products, and services on biodiversity	17, 18	
306 Water 2020			
306-2	Management of significant waste-related impacts	17	
306-3	Waste generated	17, 34	
307 Environment compliance			
307-1	Non-compliance with environmental laws and regulations	17	

Social Performance - GRI 400

103 Management Approach			
103-1	Explanation of the material topic and its Boundary	13	
103-2	The management approach and its components	3,4,11,12,13,15,18,20,24,27,28	
103-3	Evaluation of the management approach	11, 12,13,25,28	
401 Employment 2016			
401-1	New employee hires and employee turnover	21	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	20	
403 Occupational health and safety 2018			
403-1	Occupational health and safety management system	25	
403-2	Hazard identification, risk assessment and incident investigation	25	
403-4	Worker participation, consultation and communication on occupational health and safety	25	
403-5	Worker training on occupational health and safety	25	
403-6	Promotion of worker health	36	
403-9	Work-related injuries	25, 34	

404 Training and education 2016		
404-1	Average hours of training per year per employee	21, 34
404-2	Programs for upgrading employee skills and transition assistance programs	22
405 Diversity and Equal opportunity 2016		
405-1	Diversity of governance bodies and employees	21, 34
408 Child labour 2016		
408-1	Operations and suppliers at significant risk for incidents of child labour	25
412 Human rights assessment 2016		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	25
413 Local communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	23
413-2	Operations with significant actual and potential negative impacts on local communities	23
419 Socioeconomic compliances 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	25

SUMMARY REPORT BY TERI



12 August 2021

For the year 2020-21, an internal team of Hero Future Energies Private Limited (HFE) has prepared the Sustainability Report in accordance with the GRI Standards: Core option. TERI has reviewed the Sustainability Report – developed internally by HFE departments – and provided suggestions for improvement by evaluating the calculation methodologies adopted and logical illustration of results and inferences to ensure that the Report adheres to the Principles of Report Contents viz. Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness; and the Principles of Report Quality viz. Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability.

During the Report preparation, TERI has interacted with the HFE Sustainability Steering Committee, chaired by the CEO on 06th May 2021, 27th May 2021 and 17th June 2021; and the HFE Leadership team on 7th August 2021. TERI has facilitated HFE in restructuring its Sustainability Framework and adopting long term commitment of becoming ‘Climate Positive, People Positive, and Water Positive’ by the year 2030.

The following sections illustrate TERI’s observations and recommendations for HFE’s Sustainability Report 2020-21.

A. Disclosures fulfilling the Reporting Requirements

Governance & Oversight:

- It is evident that the Board is involved in policy formulation and oversees the functioning of the several sub-committees. In order to advance the sustainability agenda, HFE has constituted a Sustainability Steering Committee in the year 2020, which is chaired by the CEO and comprises seven key members across different business functions.
- Clear synergies of HFE’s governance framework and monitoring of sustainability issues are evident viz. Audit Committee (Good Governance), Internal Complain Committee (Human Capital), Prevention of Sexual Harassment (Social, Human Capital), Grievance Redressal Committee (Social, Corporate Governance, Ethics & Compliance), Sustainability Steering Committee (Social, Safety & Compliance). These are well supported by documented policies for the ERP, CSR, POSH etc.

Strategy:

- HFE has highlighted its long-term strategy and key aspirations for 2030. There are specific targets and appropriate mapping with the United Nations Sustainable Development Goals is evident. Through its business operations and community engagements across HFE’s 36 solar and wind assets in India, the alignment with 5 SDGs are documented; namely SDGs- 4 (Quality Education), 6 (Clean Water & Sanitation), 7 (Affordable and Clean Energy), 13 (Climate Action),

and 15 (Life on Land).

Systems & Process:

- HFE has identified 13 stakeholders and categorized them as operational, financial and others. The mode of engagement, influence, frequency and its alignment with material topic clusters is evident and clearly articulated.

Sustainability Performance:

- HFE has disclosed its sustainability performance, addressing the 8 priority material topic clusters such as Business Strategy & Risk Management, Environment Protection, Energy & Emissions, Safety and Compliance, Material and Procurement, Human Capital, Innovation & Care for Community. In addition, 22 material topics have been identified and ranked in order to draw the materiality matrix. The disclosures under specific material topics reflect the respective data for three years (FY 18, FY 19, FY 20, and FY 21).
- HFE has incorporated the reporting specifications of the International Finance Corporation’s (IFC) Performance Standards and strengthen its supply chain by partnering with ISO 9001:2008, ISO 45000:2018 and ISO 14001:2015 certified principal contractors/ suppliers only.

B. Gaps Identified (HFE Sustainability Report 2020-21)

Governance & Oversight:

- Though the role of board and sub-committees are defined, the specific roles performed by independent directors to steer managing environment and social issues should be appropriately disclosed; which reflects the maturity of the organization.

Strategy:

- Short, medium and long term milestones should be developed to support HFE accomplish its vision of being a ‘climate positive, water positive, and people positive’ organization by 2030.
- Explicit alignment of organizational policies such as Enterprise Risk Management (ERM), Corporate Social Responsibility (CSR), etc. with becoming ‘climate positive, water positive, and people positive’ organization by 2030 should be strengthened.

Systems & Process:

- The process of stakeholder engagement, including the role of internal and external stakeholders in materiality assessment and KPI formulation should be disclosed.
- While the use of the United Nation’s Sustainable Development Goals as a reference framework is evident, the contribution of HFE’s community development initiatives and business operations with the corresponding targets and indicators could add to the credibility of the data/information in the report.

Sustainability Performance:

- Details of changes in operational performance should accompany the description of variances observed in the monitoring performance for all key material issues - water management, waste management, materials usage, safety and compliance etc. Actions undertaken in such instances should be disclosed.

- HFE should disclose both quantitative and qualitative information while adhering to reporting requirements of the IFC Standards.

C. Planned Activities for FY 2021-22 Sustainability Report by HFE

- HFE should undertake a stakeholder engagement exercise for capturing the interests and expectations of the stakeholders on identified material topics. Number of stakeholders engaged and the action points by HFE emanating from such stakeholder dialogues should be appropriately disclosed along with updated material topics for FY2021-22.

Towards its contribution to be climate positive organization:

- HFE should adopt targets and relevant KPIs for each identified material issue such as climate change and managing carbon footprint, material usage, water management and conservation, waste management and biodiversity and habitat management. Such targets should take cognizance of the HFE’s growth plans as per its 5 year Business Plan in addition to targets and indicators - under the framework of SDGs and MoSPI’s National Indicator Framework respectively.
- HFE should define an appropriate consolidation approaches for its GHG emissions inventory computation and disclose Scope 1 and Scope 2 emissions. Breakdown of the direct (Scope 1) and indirect energy (Scope 2) emissions by operational sites, type of source and/ or activity shall be disclosed - aiding in transparency and comparability over time. For including Scope 3 emissions in its GHG Inventory, HFE should adopt GHG Protocol Corporate Accounting and Reporting Standard’.
- HFE should disclose its strategy and actions for

mitigating risks pertaining to ‘Asset Disposal Process’ and ‘Responsible Sourcing of Materials’.

- HFE while defining Biodiversity Management System (BMS) should include strategies to minimize the negative impacts and specific KPIs to monitor the performance.

Towards its contribution to be people positive organization:

- It is evident that HFE has documented the training statistics related to employee and worker engagement related to their health and safety; it is suggested that a detailed description on how training needs are assessed, frequency and language of the training and evaluation of the effectiveness of training etc. in the next reporting cycle to be disclosed; showcasing the holistic nature of engagement with workers and strengthening the HFE’s health and safety management system. HFE should strengthen its safety management system by ensuring zero accidents.
- HFE should lay stress on improving the quality of education and well-being in the local community through its Asha Education Centres. It is recommended that in these Centres instead of solely increasing the number of students, the pupil-teacher ratio (PTR) of 25:1 should be maintained in areas where large numbers of socio-economically disadvantaged students reside. Impact on individual students being enrolled in these Centres and their career advancement should be emphasized in the planned interventions.
- HFE through its Solar Street Lights initiatives in the community should appropriately capture the tangible impact on the beneficiaries. This includes but not limited to improvement in the security of village by reduction in the events of any social ills in the village, aiding domestic households in their education or

household chores and/or generating livelihood in the short/long term.

- It is recommended that HFE should leverage various focused government programmes and schemes in the domain of education, health, and skill development. Some of the indicative collaborations are NITI Aayog's "Aspirational District Programme", Scheme of Jan Shikshan Sansthan (JSS), and National Skill Development Corporation - a Public-Private Partnership (PPP) under the Ministry of Skill Development & Entrepreneurship (MSDE).

Towards its contribution to be water positive organization:

- HFE should replicate robotic dry-cleaning technology for another 200 MW capacity in Bhadla solar park, Rajasthan, India and appropriately document the corresponding savings of water, cost and human resources in the form of a case study.
- HFE should adopt an organizational boundary and/or watershed approach. In addition, HFE should leverage various focused government programmes. Indicative collaborations are the activities under Jal Jeevan Mission and Jal Jeevan Samvad, under the Ministry of Jal Shakti.



Concept & Design

Meenakshi Sarkar
Purvika Sharma

Corporate Address

202, Third Floor,
Okhla Industrial Estate,
Phase-III, New Delhi - 110020

Social Media

