



## Greenko Group Green Bond Framework July 2019

### 1. Introduction

Founded in 2004, Greenko Group, through our subsidiaries, develops and operates clean energy projects in India. Greenko's portfolio includes solar, wind, hydropower, natural gas, and biomass assets in India. Through these assets, the group generates and sells electricity to state utilities, private customers, and other electricity transmission and trading companies. Greenko also operates as an intermediate financing company for the development of clean energy projects. Greenko is headquartered in Hyderabad, India.

Greenko has a vision of "Powering India with decarbonized, digitized & decentralized energy assets" and its mission is "building, owning & operating high-quality renewable energy assets by leveraging leading edge technologies for a stable and inclusive future". On Greenko's website, we disclose that we have an objective to be a responsible corporate citizen. This includes incorporating sustainability operationally and contributing to environmental and social impact in local communities. Greenko aims to achieve this objective through the generation of clean energy and the implementation of community programmes centred on education, health, and environmental stewardship.

In line with this objective, Greenko is planning to issue a Green Bond to refinance expenditures related to the development of wind and solar projects.

### 2. Application of the Green Bond Principles

The Green Bond Principles, 2018 as administered by International Capital Markets Association ("ICMA") are voluntary process guidelines for best practices when issuing Green Bonds.

For the purpose of issuing a Green Bond, Greenko has developed the following framework, which aligns with the four core components of the Green Bond Principles (GBP), 2018: use of proceeds, the process for evaluation and selection, the management of proceeds, and reporting.

### 3. Use of Proceeds

The net proceeds of the Green Bond will be allocated towards refinancing renewable energy projects that meet the following eligibility criteria.

#### Renewable Energy

- 3.1 Expenditures related to the development and acquisition of wind projects;
- 3.2 Expenditures related to the development and acquisition of solar projects;

## 4. Process for Evaluation and Selection

Eligible Projects are evaluated and selected based on: (4.1) Greenko's mission and vision (4.2) commercial feasibility (locational ease, land use, availability of resources); (4.3) alignment with Greenko's internal environmental and social risk assessment process; (4.4) alignment with the eligibility criteria and exclusionary criteria

### 4.1 Mission and Vision:

Greenko aims to grow its portfolio of diversified clean energy projects over the next few years. Greenko selects projects on its ability to contribute to the continued growth of Greenko's platform through the development of new renewable energy projects in India.

### 4.2 Commercial Feasibility:

The Business Development Department evaluates the projects based on commercial feasibility.

### 4.3 Alignment with Greenko's Internal Environmental and Social Risk Assessment Process:

Greenko's environmental and social risk assessment process ensures that all eligible wind and solar projects undergo a voluntary Environmental and Social Impact Assessment (ESIA), or have an Implementation of Environmental and Social Management System (ESMS), to evaluate their environmental and social risk. These studies are based on the International Finance Corporation's (IFC's) Performance Standards (2012) on Environmental and Social Sustainability. Projects also undergo a voluntary stakeholder consultation to engage local communities, which is implemented by Greenko, and must conclude negligible environmental or social disruption.

### 4.4 Mitigation of Environmental and Social Risk:

The Greenko Integrated Management System (GIMS) and Environmental, Health, and Safety (EHS) teams oversee project selection with regards to alignment with eligibility and exclusionary criteria Eligible Projects

## 5. Management of Proceeds

The proceeds of the Green Bond issued by Greenko will be immediately allocated towards refinancing the Eligible Projects. Net proceeds from the notes after deducting fees and expenses will be deposited in an account. The funds will be used for subscribing to Indian Rupee (INR) Bonds issued by 16 subsidiary companies that own and operate the renewable energy projects. The net proceeds from these INR bonds will in turn be used to refinance existing external debt and shareholder loans stemming from expenditures related to the Eligible Projects and other loans within the group relating to acquisition of Eligible Projects

## 6. Reporting

Annually, until all the proceeds have been allocated both allocation and impact reporting is expected to be disclosed on Greenko's website (<http://www.greenkogroup.com/investors.php>).

## 6.1 Allocation Reporting

Greenko will disclose all allocation reporting on a project-by-project basis. The company has committed to disclosing a list of all projects refinanced with descriptions and amount of net proceeds allocated on its website ([www.greenkogroup.com](http://www.greenkogroup.com)).

## 6.2 Impact Reporting

Greenko implements certain renewable energy projects, in India, including some of them projected to be refinanced by the Green Bonds. Some of Greenko's projects are registered under VERRA<sup>1</sup> (Standards for a Sustainable Future) as a VCS (verified carbon standard) Program and under Gold standard organization<sup>2</sup> (ensures projects that reduced carbon emissions featured the highest levels of environmental integrity and also contributed to sustainable development). Greenko has confirmed that it has an internal GHG Department that implements projects in accordance with the guidelines of the Protocol, and is responsible for the generation of the Verified emission reduction (VER) credits that are sold in carbon markets. This team is also responsible for estimating greenhouse gas (GHG) emissions avoided through the development of renewable energy projects

Greenko has committed to quantitatively disclosing, where feasible, GHG emissions avoided (in tonnes of CO<sub>2</sub> avoided per project) in addition to the allocation reporting described above for those projects where VCS & Gold standard mechanism is in place.

## 7. External Review

### 7.1 Second Party Opinion

Greenko has engaged an independent environmental consultant with experiences in environmental and social governance to provide a second party opinion on framework's environmental credentials and alignment with the Green Bond Principles.

### 7.2 Assurance Report

An independent auditor will be appointed by Greenko to provide an assurance report, until all the net proceeds of the bonds have been allocated, confirming that the net proceeds of the bonds has been allocated in compliance with all material respects of the Eligible Green Projects criteria set forth in the Green Bond Framework and with the "Use of Proceeds" section of the final bond documentation.

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<sup>1</sup> <https://verra.org/project/vcs-program/registry-system/>

<sup>2</sup> <https://www.goldstandard.org/>

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