



GREEN BONDS FRAMEWORK WHICH WILL BE DEFINE IN THE OFFER DOCUMENT

Funding of Eligible Green Projects

The Issuer is a financial institution promoted and wholly-owned by the Government of India (in 1987) as public limited company under the companies act, 1956 and registered with Reserve Bank of India Act, 1934 as Non-Banking Financial Institution (NBFC) and under the administrative control of the Ministry of New and Renewable Energy (MNRE). The Issuer as per the Objects clause in its Memorandum of Association (MoA) can exclusively provide financial assistance to Renewable Energy / Energy Efficiency projects and to the manufactures of new and renewable sources of energy systems and devices. Hence, its entire business / financing portfolio may be categorized as 'Green'. The Issuer will apply the net proceeds from the IREDA Green Bonds to finance the following Renewable Energy projects (Eligible Green Projects):

- Wind Power
- Small Hydro Power
- Biomass Power Co-generation
- Energy Efficiency & Conservation
- Solar Energy
- Waste to Energy & Miscellaneous.

THE ISSUER'S GREEN BOND FRAMEWORK

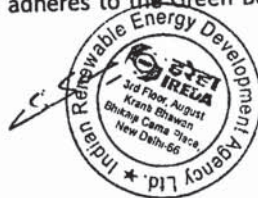
Green Bond Framework Overview

The Issuer's Mission is to "Be a pioneering, participant friendly and competitive institution for financing and promoting self-sustaining investment in energy generation from Renewable Sources, Energy Efficiency and Environmental Technologies for sustainable development". The Issuer aims to strive for the achievement of the following objectives:

- Drive towards total customer satisfaction.
- Continual up-gradation of capability and improvement in the professional skills of employees.
- Improvement in efficiency of services provided to customers
- Continual improvement of systems, processes and services.

The Issuer's Green Bond Framework sets out how the Issuer proposes to use the proceeds from the issuance of the Bonds, including any subsequent issuance of Green Bonds, for the construction of Eligible Green Projects (as defined below) in a manner consistent with the Issuer's sustainable values, and in turn provide transparency and relevant disclosure to investors for purposes of making their investment decisions.

The Issuer's Green Bond Framework has been established in accordance with the Climate Bonds Standard version 2.0 and also adheres to the Green Bond Principles, 2016, issued by the International





Capital Markets Association (ICMA).

Selection and Evaluation of Eligible Green Projects

IREDA Green Bonds proceeds shall be utilized for a project which must meet all the following criteria:

- **RENEWABLE SECTOR SPECIFIC PROJECT:** - Project must fall in any of the following sector:
 - Wind Power
 - Small Hydro Power
 - Biomass Power Co-generation
 - Energy Efficiency & Conservation
 - Solar Energy
 - Waste to Energy & Miscellaneous.
- **FUNDING UNDER SPECIFIED SCHEMES (For financing and refinancing):** - Financing are made as per IREDA scheme of funding for below purpose.
 - Project Financing
 - Equipment Financing
 - Loans for Manufacturing
 - Financial Intermediaries
 - Financing of commissioned projects including takeover of Loans from other Banks / FIs.
 - Additional / Bridge Loan against Sugar Development Fund Loan
 - Loan against Securitization
- **FUNDING/INVESTMENT IS MADE ONLY TO PRESCRIBED NATURE OF ENTITY WHICH ARE AS UNDER:** -
 - Private Sector Companies,
 - Central Public Sector Undertaking (CPSU)
 - State Utilities/ Discoms/ Transcos/ Gencos/ Corporations, etc
 - Joint Sector Companies
 - Other Entities against the security in form of Bank Guarantee/FD.
- Only for high value project where loan size not less than ₹ 50 Lakh.

Applicable eligibility criteria related to specific sector of renewable energy sources are the same mentioned on the IREDA website <http://www.ireda.gov.in> (Home > Sector Financed)





Project Selection Process

Process for financing/refinancing of eligible projects are as under: -

- IREDA's technical team:
 - assess and determine project eligibility; and,
 - recommend the project for financing.
- Credit Committee which consists of Senior Level Officer and Functional Director consider the
 - recommendations of technical appraisal terms,
 - terms & condition,
 - security,
 - external rating,
 - internal credit ratingand recommend to the approving authority.
- Approving authority sanction/reject the proposal.
- After completion of documentation, competent authority assign the disbursement of fund from specific source of fund as per the project eligibility criteria. Only the projects eligible for "IREDA Green Bonds" shall be allotted to utilise the IREDA Green Bonds fund.
- A dedicated team will monitor the allocation of the Bonds proceeds for eligible projects and prepare an internal report for fund utilized against it.

Management of Proceeds

IREDA Green Bonds proceeds shall be managed as under: -

- After raising the fund through IREDA Green Bonds, same shall be credited in IREDA bank account or/and short term deposit till the disbursement of these funds for Financing of Renewable Projects and/or Energy Efficiency Projects and setting up of Solar Energy Project of 50 MW in India. Same shall be tracked through separate ledger for disbursement.
- Amount disbursement for approved projects shall be made from IREDA Bank account
- Detail of project funded through IREDA Green Bonds shall be maintained by the issuer.
- IREDA expects to spend the majority of green bond proceeds within 6 months from the date of receipt of bonds proceeds in the dedicated account





Reporting

As long as the IREDA Green Bonds and any subsequent green bonds issued by the Issuer remain outstanding, the Issuer will report annually the use of proceeds for the issue of the IREDA Green Bonds through its website <http://www.ireda.gov.in> and provide information, including (i) Fund Allocation against each Renewable Energy Sector; and (ii) confirmation that the use of proceeds from the IREDA Green Bond issuances are in conformity with the Issuer's Green Bond Framework.

Assurance

The Issuer's Green Bond Framework will be reviewed by M/s Emergent Venture India Pvt Ltd (EVI) on limited assurance basis and will be certified by the M/s Climate Bonds Initiative (CBI) for the issue of the Bonds. Such certification will also be published on the Issuer's website.

The Issuer will also receive Post-Issuance Certification from the M/s Climate Bonds Initiative to assure continued adherence to the Issuer's Green Bond Framework with respect to allocation of proceeds, ongoing eligibility of the projects and assets, adequacy and output of the Issuer's internal control and systems and use of unallocated funds. This post issuance certification by the Climate Bonds Initiative is expected to be obtained within one year after issuance of the IREDA Green Bonds and will be published on the Issuer's website, <http://www.ireda.gov.in>.

