

GREEN BOND FRAMEWORK OVERVIEW

Azure Power Energy Ltd (APEL) is committed to generate and provide reliable power at competitive prices in sustainable manner by optimizing the use of Renewable energy resources with innovative eco-friendly technologies thereby contributing to the economic development of the nation, social upliftment of the society and promoting a healthy environment.

In this process, APEL shall strive to:

- a) Contribute towards clean and sustainable environment with respect to Land, Water and Air.
- b) Conserve resources by reduction, reuse and recycling.
- c) Initiate and support measures to optimize usage of renewable energy and reduce GHG emissions.
- d) Support measures for biodiversity conservation by following the practices of protecting, conserving and restoring ecosystems.
- e) Be transparent, ethical and fair to all stakeholders.
- f) Be supportive in developing and enhancing people's standard of living in and around the plants.
- g) Generate awareness, share knowledge and support training programme on sustainable development among the employees, neighboring communities and public at large.

The Company has a Board Committee titled "Corporate Social Responsibility Committee" comprising two whole time directors which formulates and recommends to the Board CSR policy from time to time.

This Green Bond Framework (Framework) sets out how the Company proposes to use the proceeds of Green Bonds for the construction of Eligible Green Projects in a manner consistent with the company's sustainable values and provide the transparency and disclosures investors need to make investment decisions.

The Green Bond Framework is established in accordance with the Climate Bonds Standard version 2.1. This framework also adheres to the Green Bond Principles, 2016 issued by the International Capital Markets Association (ICMA).

Use of proceeds:

The proceeds from the issuance of Green Bonds by APEL will be applied to finance investments in following renewable energy (RE) projects ("Eligible Green Projects"):

- Solar projects or assets in one or more of the following activities:
 - Solar electricity generation facilities where a 100% of electricity generated from the facility is derived from solar energy resources; and
 - Wholly dedicated transmission infrastructure for solar electricity generation facilities.

Selection and Evaluation of Eligible Green Projects:

New projects to be undertaken or projects to be refinanced using the green bond proceeds will be evaluated and selected based on (i) Azure's mission, (ii) qualification of the project as a solar project, and (iii) feasibility analysis (including off-taker profile, location of project, presence in solar park, capacity, timelines, and other technical and commercial conditions). We undertake Environmental and Social Impact Assessment (ESIA) study for few of our projects. The ESIA study is done in accordance with IFC Performance Standard. We also partner with our local communities when we embark on a new project. We hire from local communities and generally lease land that has few alternative uses, providing local communities with a stream of discretionary cash flow without displacing alternative businesses.

Post issuance, Emergent Ventures India Private Limited (EVI), an approved verifier under Climate Bonds Initiative, will provide assurance that the nominated projects are in alignment with the Green Bond Framework for the inaugural Green Bond issue.

In respect of subsequent issuance of green bonds or changes to the initial list of projects, similar assessment and approval process would be carried out by the company.

Management of Proceeds:

The proceeds of the green bond issued/to be issued by APEL will be immediately allocated towards refinancing the eligible projects and towards undertaking new projects. Net proceeds from the notes after deducting fees and

expenses will be deposited in an escrow account. The funds in the escrow account will be used to subscribe to Indian Rupee (INR) debentures and loans that will be issued by subsidiary companies that own and operate the solar projects. The proceeds from these INR bonds/loans will in turn be used to refinance existing external debt stemming from expenditures related to the eligible projects. The funds would also be used to meet operating expenses and working capital requirements of these green projects. Besides this, excess funds would be used to invest in new solar projects to fund capital expenditure or to acquire operational solar projects.

Till the time amount is unallocated will be kept in temporary investment instruments that are cash (current account), demand or time deposits with commercial banks, certificates of deposit and debt mutual funds which invest in companies organized under the laws of the India whose long-term debt has a national credit rating of AAA.

Reporting:

So long as APEL has Green Bonds outstanding, the Company will annually report on its website (i) the use of proceeds (project type, capacity and location) for each green bond issued (ii) the current allocated and outstanding amounts and contractual maturity dates (iii) reduction in Green House Gases achieved and (iv) management confirmation that the use of proceeds of the Green Global Bonds is in alignment with the Azure Power Energy Ltd Green Bond Framework.

Wherever possible, APEL will also report the other environmental impact of the investments.

Assurance:

Azure Power Energy Ltd Green Bonds will be assured by EVI and certified by Climate Bonds Initiative for the inaugural Green Bond issue. This will be published on the APEL website.

APEL will also get post issuance certification from the Climate Bonds Initiative to assure the Use of Proceeds allocation, ongoing eligibility of the projects and assets, adequacy and output of the Issuer's internal control and systems and use of funds not yet allocated are as per the framework established. Post issuance Certification will be completed within one year after issuance of bond and published on APEL website.