

Azure Power Energy Limited

Green Bond Framework

Introduction:

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, Azure Power Energy Limited 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 three whole time directors which formulates and recommends to the Board CSR policy from time to time.

Framework Overview:

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 3.0. This framework also adheres to the Green Bond Principles, 2021 issued by the International Capital Markets Association (ICMA).

Use of proceeds:

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

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

Selection and Evaluation of Eligible Green Projects:

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.

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 existing US\$ bond at APEL, which was taken to refinance the debt at the eligible projects. Net proceeds from the notes after deducting fees and expenses will be used towards refinancing the existing US\$ bond. The Indian Rupee (INR) debentures and loans issued to APEL by the sixteen subsidiary companies (that own and operate solar projects) will be amended and / or created appropriately.

Until such the time relevant proceeds amount are allocated for use, they will be kept in temporary investment instruments that are cash (current account), corporate liquid term deposits/ short-term deposits with commercial banks and units of AA/AAA-rated debt mutual funds in minimum amounts of INR 30000 MN

Reporting:

So long as Azure Power Energy Ltd 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, Azure Power Energy Ltd will also report the other environmental impact of the investments.

Assurance:

KPMG has provided independent assurance on the Green Bond Framework to be used for issuance of the bonds being in conformity with the requirements of Climate Bonds Standard. This assurance has been conducted in accordance with requirements of 'Limited Assurance' as per International Federation of Accountants' (IFAC) International Standard on Assurance Engagements [ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information]. Azure Power Energy Ltd will also get post issuance assurance to assure the use of proceeds allocation, ongoing eligibility of the projects and assets, adequacy and output of internal controls and systems and use of funds not yet allocated are as per the established framework and the Climate Bonds Standard.