

Continuum Green Energy

Green Finance Framework

April 2024



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1. Introduction

Established in 2009, Continuum Green Energy Ltd through its fully owned subsidiary, Continuum Green Energy (India) Pvt Ltd, is an India-focused renewable energy group and one of the country's leading independent power producers ('Continuum', the 'Group'). As one of the leading providers of renewable energy to India's commercial and industrial sectors, as well as state-run utilities companies¹, Continuum recognizes the key role it is playing in facilitating the country's transition to sustainable energy and a net-zero future.

Continuum's project portfolio is spread across six wind-rich states of western and southern India; Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu and Karnataka. Continuum has transitioned from being a wind predominant platform to a wind-solar hybrid platform with 100% of new projects under construction being wind-solar hybrid projects or hybridization of the existing wind capacity. As of March 2023, the Group's portfolio had an operational and nearly operational capacity of 2.3 GW and 1.7 GW under development capacity².

2. Sustainability at Continuum

As a leading renewable energy provider in India, Continuum recognizes its responsibility in providing innovative and reliable renewable energy solutions to support the country in realizing its decarbonization goals. Continuum published its inaugural Sustainability Report in 2022, which provides a comprehensive overview of the Group's ESG Strategy. The Sustainability report is framed around material ESG topics identified through a materiality assessment conducted in FY 2021-22³.

2.1 Contributing to the Environment

In August 2022, India's updated its Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) was approved by the Union Cabinet. As a step towards its long-term goal of reaching net-zero by 2070, India has committed to the reducing emissions intensity of its GDP by 45% (relative to 2005 levels) and achieve 50% cumulative electric power installed capacity from non-fossil fuel based energy resources by 2030⁴. In order to realize these targets, India has also set targets to realize 500GW renewable energy capacity by 2030 (increase to its earlier target of 450 GW).

Continuum's portfolio, with a renewable energy operational/nearly operational capacity of 2.3 GW, represents a significant contribution to the country's goal for renewable energy to represent an increasing share of national the energy mix.

To realize its sustainability objectives, Continuum is not only expanding renewable energy projects, but also implementing operational efficiency measures including deployment of State-of -the-art artificial intelligence (AI) powered monitoring systems and integrated analytics solutions to ensure the sustainability of its assets.

¹ As well as the Solar Energy Corporation of India Limited (SECI).

² As reported in Continuum's 2022-23 Sustainability Report

³ A GRI content index is also provided.

⁴ Previous 2015 NDC was to reduce the emissions intensity of GDP by 33% -35% compared to 2005 levels and achieve a 40% cumulative electric power installed from non-fuel sources by 2030.

Continuum has well defined asset management practices and have received ISO certification for Quality (ISO 9001), Environment (ISO 14001), Safety (ISO 45001). Regular Environmental and Social Impact Assessments (ESIA) are conducted across the Group's project sites. Specifically, Continuum adopts aspect impact analysis as a tool that helps to identify, mitigate and control any impact due to water consumption, air emissions, hazardous waste generation and noise generation. An Integrated Management System (IMS) also serves as a tool to deepen the involvement of employees in Continuum's ESG actions and covers the quality, environment and health and safety aspects of operations.

In addition, to address emissions that cannot be avoided, Continuum has been actively engaged in tree planting programs across project sites in Gujarat, Madhya Pradesh, Tamil Nadu and Maharashtra.

The Group also acknowledges that some of its projects are located in water-stressed and/or drought prone regions. In response to this, the company has introduced a number of initiatives to reduce, reuse and recycle water resources. For example, water harvesting systems have been installed across projects to collect and store rainwater which can then be reused and in turn reduce freshwater demand and conducting pilot projects for the robotic cleaning technologies at the solar project.

Waste management is another material ESG focus area for the company and will be crucial to reducing the environmental footprint of business operations. The majority of Continuum's waste is non-hazardous (e.g. corrugated packaging, scrap metals and paper). The Group has introduced comprehensive waste segregation practices to help identify and categorize waste accurately so that it can be sent for recycling or disposal through authorized partners in a responsible manner. In order to ensure that the company's waste management strategies evolve to align with emerging trends, regulations and best practices waste management strategies are periodically reviewed and updated.

Targets:

- 50% reduction or offset in Scope 1 & 2 emissions with respect to baseline year FY 2023-24 (FY 2020-21 baseline)
- 100% reduction or offset in Scope 1 & 2 emissions with respect to a baseline year FY 2026 -27 (FY 2020-21 baseline)
- Aim to identify and report material categories on Scope 3 emissions
- 100% waste segregation by FY 2022-23 (achieved)
- Zero waste to landfill by FY 2024-25
- Water neutral by FY 2024-25
- Plant 1,000 trees every year in and around project sites until FY 2023-24
- Tree plantation to the extent needed to achieve carbon neutral operations by FY 2026-27

2.2 Contributing to Society

The Group recognizes that its employees are a core asset to the ongoing success of the company. In order to ensure a healthy and diverse workplace, Continuum has implemented a number of initiatives including training and development programs that cover subject matter modules to sharpen employees' functional skills and new learning that can support career progress.

Diversity and inclusion is another Group priority and recruitment, compensation and promotion policies at Continuum Green Energy are structured to ensure that they are grounded on proven merit and potential of employees and promote diversity at all levels across the organisation.

A safe and healthy workplace ensures that employees can perform to the best of their capabilities. Several intervention and awareness and training programmes have been implemented to prevent accidents and introduce a culture of safety amongst employees (e.g. toolbox talk and safety prayers every morning at OEM/EPC contractor workers, quarterly safety quiz and safety ambassadors).

Targets:

- Target 24 training hours per employee/ year by FY 2023-24
- Target 48 training hours per employee/ year by FY 2026-27
- Women to represent 15% of the workforce at the Head Office by FY 2023-24 (FY 2023-24 target achieved)
- Women to represent 25% of the workforce at the Head Office by FY 2026-27
- Zero accidents across all project sites

Continuum not only recognizes its responsibility to its own employees, but also its surrounding local communities. The Group has implemented Corporate Social Responsibility (CSR) initiatives that aim to support and local communities by accelerating development and enhancing infrastructure. One of the initial steps Continuum can take in providing a better livelihood for local communities is to provide employment as projects provide an opportunity to hire locally. This is not only beneficial for local communities, but will also benefit the business as such employees can pass on invaluable local wisdom.

The Group also targets seven focus areas (rural health, women's empowerment, livelihood generation, education, rural infrastructure and empowerment or rural cultivators) by providing awareness programmes and facilitates associated infrastructure as this in turn will improve the livelihoods and lifestyles for local communities.

Targets:

- Implementation of Grievance redressal & tracking
- Conduct a social impact assessment of projects post operationalization by FY 2023-24
- Conduct a social return on investment (SROI) study by FY 2026-27

2.3 Governance

To ensure that Continuum's sustainability ambitions are realized a robust governance structure has been implemented. We have dedicated people and committees that form part of our ESG governance structure overseen by the Board of Directors to ensure robust and stringent monitoring and evaluation of our performance. The three committees that take forward our ESG governance include the Apex Committee, the ESG Steering Committee and the ESG Champions group.

The Apex Committee, comprising of CEO, COO and Finance Controller, is the topmost committee guiding the organisation's sustainability agenda and future goals. ESG Steering Committee, comprising of

functional head of construction, operation & maintenance, human resource, corporate finance and strategy, works on goal setting and steering the organisation's sustainability agenda. ESG Champion at each project site level are responsible for implementing ESG initiatives, monitoring processes and tracking the relevant data and KPIs.

Governance practices are an important control to ensure that the Group is compliant with its regulatory obligations at all times. There is a periodic review of the governance framework to ensure that it aligns with evolving political, judicial and business landscape.

Additional measures have also been taking to ensure robust governance of the ESG Strategy and Continuum has obtained limited assurance obtained on ESG performance in 2022 (target for reasonable assurance to be obtained by FY 2023-24) and continue to provide regular and higher disclosure to the Investors on company's sustainability progress.

3. Green Finance Framework

Enabling sustainable finance is integrated as a crucial component of the 'Contributing to the Future' strategic pillar of the Group's ESG strategy. Continuum recognizes the important role it will play in helping India realize its NDCs, but the expansion of renewable energy sources requires substantial investments.

Continuum published its inaugural Green Bond Framework in 2020 in order to facilitate the sustainable financing and refinancing of green projects that support such initiatives. This Green Finance Framework (April 2024) has been updated to ensure that Continuum's green finance instruments evolve to reflect the developments with respect to best practice in sustainable finance markets.

Green Finance Instruments issued under this Framework may include Green Bonds and Green Loans, where an equivalent amount to the net proceeds raised will be allocated to Eligible Green Projects as defined in this Framework. Instruments issued in accordance with this Framework can be of any seniority and for avoidance of doubt are expected to be issued ranking pari passu with any other conventional instrument of similar status and subordination. Details on any Green Finance Instrument issued with reference to this Framework shall be provided in the relevant legal documentation.

This Green Finance Framework has been developed in alignment with the voluntary guidelines of the 2021 Green Bond Principles (GBP)⁵, administered by the International Capital Market Association (ICMA), and the 2023 Green Loan Principles (GLP), administered by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) (together the "Principles").

The Framework is presented through the following components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

⁵ Green Bond Principles June 2021 (with June 2022 Appendix 1)

- External Review

Continuum will continue to monitor the sustainable finance market and may adapt this framework in the future to the latest available standards or principles.

3.1 Use of Proceeds

Continuum intends to allocate an amount equal to the net proceeds of any Green Finance Instruments, in whole or in part, exclusively to new or existing projects that meet respective criteria defined table below (“Eligible Green Projects”). Eligible Green Projects are assets, capital expenditures, and/or operational expenditures undertaken by Continuum that enable the transition towards low-carbon climate resilient growth⁶. The company may own the Eligible Green Projects directly or indirectly through its subsidiaries.

GBP and GLP category	Eligible Green Projects	SDG mapping
 <p>Renewable energy</p>	<ul style="list-style-type: none"> – Development, construction and operation of onshore and offshore wind farms and related support infrastructure – Development, construction and operation of solar energy and related support infrastructure – Development, construction and operation of wind-solar hybrid energy and related support infrastructure – Development, construction and operation of energy storage 	 

Continuum will apply negative screening and not knowingly be involved in financing activities that include involvement in fossil-fuel related activities.

3.2 Process for Project Evaluation and Selection

The evaluation and selection process ensures that the net proceeds raised from Green Finance Instruments are allocated to projects that meet the criteria set out in the “Use of Proceeds” section. Continuum has established a Green Finance Committee (the “Committee”) comprised of representatives from Sustainability, Finance and Project & Operations teams which will meet on an annual basis for the assessment of Eligible Green Projects.

The Committee will govern the process and is responsible for:

- Evaluating the compliance of proposed projects with the Eligibility Criteria as set out in the Framework validating the purpose and the environmental objectives they contribute to.

⁶ Eligible green assets and eligible green capital expenditures shall qualify for refinancing without a specific look-back period, provided that at the time of issuance they follow the relevant Eligibility Criteria. Eligible green operating expenditures shall qualify with a maximum three-year look-back period.

- Approving of the allocation of net proceeds towards Eligible Green Projects. The Committee has full discretion to object the inclusion of any project.
- Monitoring internal processes to identify mitigants to known material risks of negative social and/or environmental impacts associated with Eligible Green Projects.
- Monitoring and managing net proceeds raised from Green Finance Instruments and Eligible Green Projects via a virtual register to monitor that the value of Eligible Green Projects equals or exceeds the amount equals the net proceeds raised from Green Finance Instruments over time.
- Reallocating net proceeds in case a project does no longer meet the Eligibility Criteria or due to any divestments.
- Prepare, oversee, approve and publish the allocation and impact report, including external review statements.
- Observing developments in the sustainable financing markets and approving updates to this Framework accordingly to reflect relevant changes in the corporate strategy or market developments.

Continuum has put in place a strong evaluation and selection process and risk management framework in order to ensure mitigation of potential environmental and social risks associated with the Eligible Green Projects. Continuum’s code of conduct, governance principles and risk management systems serve as minimum standards for all business processes, including those financed with the net proceeds of Green Finance Instruments issued under this Framework. It goes without saying that any activity that Continuum pursue adhere to applicable social and environmental law. In addition, Continuum conducts independent environmental and social impact assessments (ESIA) for all of its project sites and deploys mitigation measures as specified in ESIA recommendations. In case of any controversy on a specific asset, Continuum intends to replace this asset in the portfolio of Eligible Green Projects and will inform Investors through its reporting.

3.3 Management of Proceeds

Continuum will manage the allocation of an amount equivalent to the net proceeds of outstanding Green Finance Instruments to Eligible Green Projects. All relevant information regarding the issuance of any Green Finance Instrument and the allocation of its proceeds to Eligible Green Projects will be documented and monitored via Continuum’s internal tracking systems (‘Green Finance Register’).

All Eligible Green Projects must meet the Eligibility Criteria throughout the term of the Green Finance Instrument. If an Eligible Green Project ceases to fulfil the Eligibility Criteria or exit the portfolio, Continuum will, on a best effort basis, substitute the project as soon as reasonably practicable. Eligible Green Projects financed by net proceeds of any Green Finance Instrument will not be affected by ex-ante changes to the Green Finance Framework and will remain in the Green Finance Register for as long as they meet the Eligibility Criteria prevailing at the time of issuance of each Green Finance Instrument and remain internally/virtually allocated to an outstanding Green Finance Instrument.

The value of Eligible Green Projects will be reduced by an amount equal to any ESG-labelled loans that Continuum has received relating to such Eligible Green Projects. Any funding from multilateral agencies, national or supranational entities that are known to refinance their operation by issuance of sustainable

financing will be considered as ESG-labelled loans. Continuum will not allocate any proceeds to Eligible Green Expenditures which have already been subject of a prior allocation of the proceeds of any outstanding Green Finance Instrument, unless the Eligible Green Expenditures have been released through redemption or repurchase of such Green Finance Instrument.

Continuum generally strives to achieve a level of allocation that matches or exceeds the balance of net proceeds of its outstanding Green Finance Instruments as soon as possible, but at the latest until maturity of the respective Green Finance Instruments. Prior to full allocation, net proceeds will be held in line Continuum's general liquidity guidelines in cash, cash equivalents, and/or other liquid marketable instruments. Unallocated proceeds will not knowingly be placed in investments that include greenhouse gas intensive assets, inconsistent with the transition towards a low carbon economy.

Our Green Finance Register will be routinely monitored by the Treasury team to detect any potential shortfall in a reasonably short time frame.

3.4 Reporting

To enable the monitoring and provide insights into prioritised areas, Continuum will publish a Green Finance Report which will be publicly available on the Company's investor relations website at www.continuumenergy.in within one year from the issuance of any Green Finance Instrument and update annually, until full allocation, and in case of material developments.

The reporting will consist of (i) the '**allocation reporting**' and (ii) the '**impact reporting**'. In case Continuum would have other Green Finance Instruments than publicly listed bonds outstanding, the company may choose to report, in relation to these other Green Finance Instruments, directly and non-publicly, to the lenders or counterparts.


Allocation reporting

- Net proceeds of outstanding Green Finance Instrument
- Description of Eligible Green Projects
- Amount of net proceeds allocated by technology (Wind, Solar, hybrid)
- Proportion of net proceeds allocated to new financing and re-financing
- Balance of unallocated proceeds, if any

Impact reporting

The Impact Report will illustrate the estimated and observed environmental outcomes as a result of Eligible Green Projects to which net proceeds of Green Finance Instruments have been allocated.

On a best effort basis and subject to data availability, the impact reporting may include, but not limited to, impact metrics as outlined in the table below. Continuum might make assumptions on units in use as well as the relevant benchmark emissions and will clearly state these in the reporting. Continuum intends to align, on a best effort basis, with the recommendation of ICMA's Handbook – Harmonised Framework for Impact Reporting (June 2023).

Green category	Exemplary impact indicators
 <p data-bbox="207 457 444 489">Renewable energy</p>	<ul style="list-style-type: none"> <li data-bbox="521 275 1101 306">– Renewable energy capacity installed (in MW) <li data-bbox="521 338 1118 369">– Annual renewable energy generation (in MWh) <li data-bbox="521 401 1260 432">– Estimated annual CO₂ emission avoided (in tonnes of CO₂) <li data-bbox="521 464 992 495">– Electricity storage capacity installed

3.5 External Review

Continuum has engaged an external verifier to review the Green Finance Framework. The independent Second Party Opinion (SPO) on the Framework’s environmental credentials and its alignment with the Principles has been received by [S&P Global Ratings]. The independent SPO will be published on the Company’s investor relations website at www.continuumenergy.in.

In order to ensure sustained compliance of all issued Green Financing Instruments with the methodology set out in this Framework, Continuum will appoint an external verifier to provide a review on the allocation of the proceeds, on an annual basis until full allocation, starting one year after the first issuance under this Framework.