

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Loan Framework

AGEL

11 February 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Loan
Relevant standards	<ul style="list-style-type: none">LMA's Green Loan Principles (02.2021)
Scope of verification	<ul style="list-style-type: none">AGEL Green Loan Framework (as of 07.01.2022)AGEL asset pool (as of 07.01.2022)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the Framework

CONTENTS

SCOPE OF WORK	3
AGEL BUSINESS OVERVIEW	3
ISS ESG ASSESSMENT SUMMARY	5
ISS ESG SPO ASSESSMENT	6
PART I: GREEN LOAN LINK TO AGEL’S SUSTAINABILITY STRATEGY.....	6
A. ASSESSMENT OF AGEL’S ESG PERFORMANCE	6
B. CONSISTENCY OF GREEN LOAN WITH AGEL’S SUSTAINABILITY STRATEGY	8
PART II: ALIGNMENT WITH GLPs.....	10
PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE	14
A. CONTRIBUTION OF THE GREEN LOAN TO THE UN SDGs	14
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA	15
ANNEX 1: Methodology	19
ANNEX 2: ISS ESG Corporate Rating Methodology.....	20
ANNEX 3: Quality management processes	22
About ISS ESG SPO	23

SCOPE OF WORK

Adani Green Energy Limited (AGEL) commissioned ISS ESG to assist with its planned green loan by assessing three core elements to determine the sustainability quality of the instrument:

1. The link of the Green Loan with AGEL's sustainability strategy – drawing on AGEL's overall sustainability profile and loan-specific use of proceeds' category.
2. AGEL's Green Loan Framework (07.01.2022 version) – benchmarked against the Loan Market Association's (LMA) Green Loan Principles (GLP).
3. The asset pool – whether the project contributes positively to the UN Sustainable Development Goals (SDGs) and performs against ISS ESG's loan-specific key performance indicators (KPIs) (see annex 1).

AGEL BUSINESS OVERVIEW

AGEL was established by the Adani Group in 2015 to develop and operate renewable energy projects in India. It has over 5GW of operational solar and wind generation capacity and another 14.8GW under planning and development. In 2020, it was ranked as one of the largest solar power developers in the world.¹

AGEL is majority owned by Adani Group.² The remaining ownership stakes are publicly traded and owned by other investors. The Adani Group is one of the largest conglomerates in India, with significant presence in power generation, electricity transmission and distribution, and ports and logistics. Its various business activities also include coal mining and coal power generation.

¹ mercomcapital.com/product/top-10-leading-global-large-scale-solar-pv-developers-report/

² www.adanigreenenergy.com/-/media/Project/GreenEnergy/Investor-Downloads/Analyst-Meet-Dynamic/1-December-2021---Jefferies-India-ESG-Summit/AGEL---Jefferies-ESG-Summit---Presentation.pdf

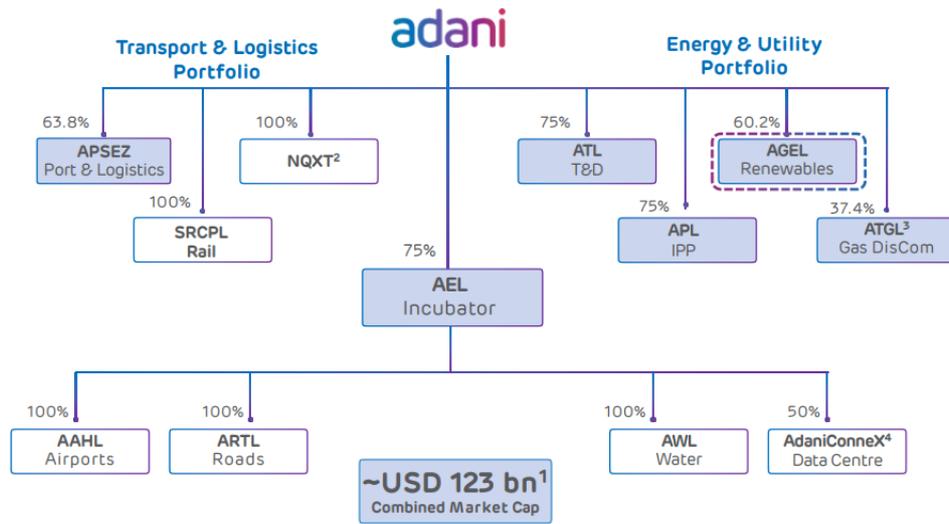


Figure 1 AGEL's position within Adani Group

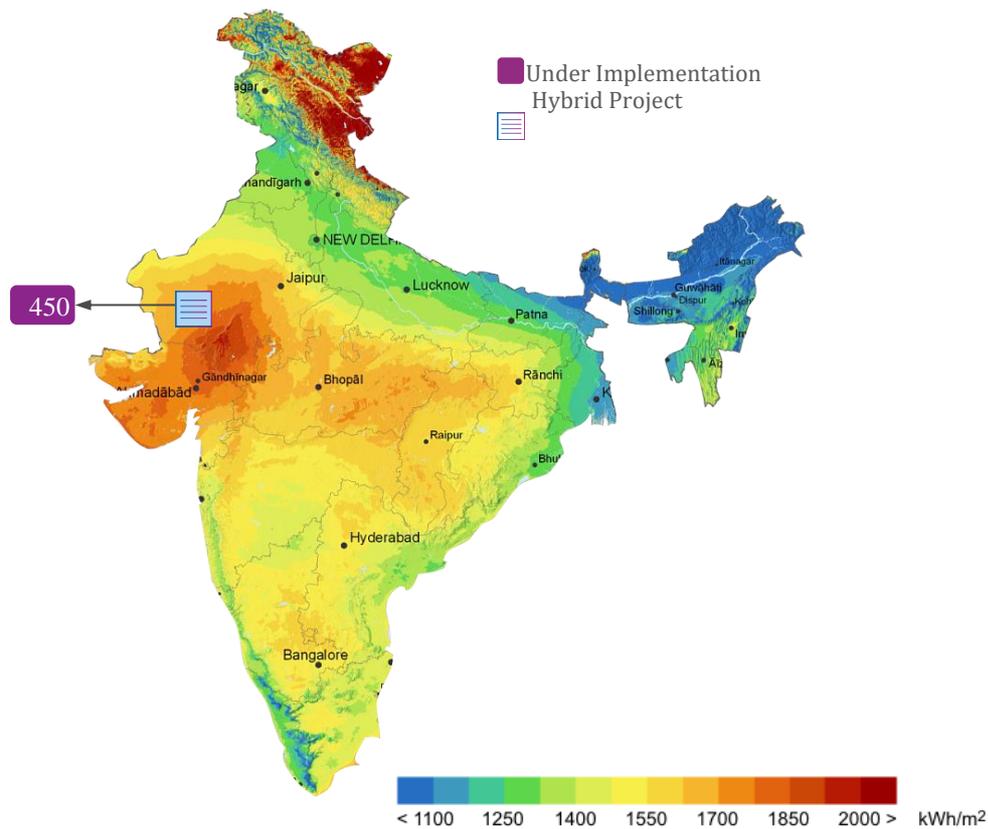


Figure 2 AGEL's planned project

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
<p>Part 1:</p> <p>Green Loan link to issuer's sustainability strategy</p>	<p>According to the ISS ESG Corporate Rating published on 04.01.2022, AGEL shows a high sustainability performance against the industry peer group on key ESG issues faced by the renewable electricity sector. AGEL is rated 3rd out of 33 companies within its sector based on an ISS ESG rating.</p> <p>The use of proceeds of this green loan are consistent with AGEL's sustainability strategy and material ESG topics for AGEL's industry. The rationale for issuing a green loan is clearly described by AGEL.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with GLPs</p>	<p>AGEL has defined a formal concept for its Green Loan regarding use of proceeds, processes for project evaluation and selection and management of proceeds and reporting. This concept is in line with the LMA's Green Loan Principles.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Sustainability quality of the asset pool</p>	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon ISS ESG's assessment. The Green Loan will finance the eligible asset category renewable energy.</p> <p>The use of proceeds' category has a significant contribution to SDGs 7, affordable and clean energy, and 13, climate action. The environmental and social risks associated with the use of proceeds' category have been well managed.</p>	<p>Positive</p>

³ ISS ESG's evaluation is based on AGEL's Green Loan Framework (January 2022 version), the analysed asset pool as received on 07.01.20221, and on the ISS ESG Corporate Rating updated on 04.01.2022 and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: GREEN LOAN LINK TO AGEL'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF AGEL'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

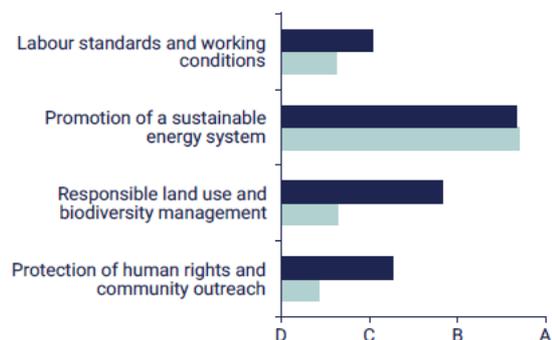
COMPANY	INDUSTRY	DECILE RANK	TRANSPARENCY LEVEL
AGEL	Renewable Electricity	1	VERY HIGH

AGEL currently shows a high sustainability performance on key ESG issues faced by the Renewable Electricity industry compared with its peers, as the company obtains a decile rank relative to its industry group of 1, which indicates the highest relative ESG performance out of 10.

ESG performance

As of 05.01.2022, this rating places AGEL 3rd out of 33 companies rated by ISS ESG in the Renewable Electricity industry. Key challenges companies face in terms of sustainability management in this sector are displayed in the chart on the right, as well as the firm's performance against those challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability opportunities

AGEL is an India-based renewable energy company that develops, builds and operates utility-scale solar and wind power plants. In the context of a transition towards a more sustainable energy system, power generation from renewable energy sources, such as solar and wind, significantly contribute to the fight against climate change.

Sustainability risks

For an integrated solar and wind power project operator, one of the key sustainability issues is to ensure the safety of employees, contractors and business partners involved in the construction, operation and maintenance of its power plants. AGEL has implemented a group-wide health and safety management system, which is certified in accordance with ISO 45001 standards. In addition, the company has recorded decreasing accident rates among its employees and contractors in recent years.

The company may also face risks related to the opposition of local communities against utility-scale solar and onshore wind power projects. In order to address this issue, AGEL systematically conducts social impact assessments during the planning process of new projects and has at each plant a grievance register in place. The company has a solid environmental management approach, with both certified environmental and energy management systems in place group wide.

AGEL systematically runs environmental impact assessments during its project planning phase and discloses its approach to address environmental impacts of operating plants. While none of its current plants are located in protected areas, the company has no clear commitment to refrain from site selection in protected areas or areas of high biodiversity value.

Governance opinion

Regarding its governance structure, half of the company's board members are non-independent, including the chairman. However, the board has set up majority independent board committees in charge of audit, remuneration and nomination (all information as of 3 December 2021). AGEL discloses its remuneration policy for executives. Yet, it remains unclear whether long-term incentive components are considered in executive remuneration plans.

A majority independent board committee is in charge of sustainability matters. Moreover, ESG performance objectives are integrated to some extent into the variable remuneration of executives. AGEL does not disclose a code of conduct for all employees. Some relevant guidelines are in place which cover some important aspects, such as corruption, insider dealings, and gifts and entertainment. Still, further relevant topics such as facilitation payments, antitrust violations and corruption are not addressed. The corresponding compliance measures in place are compliance trainings and a confidential hotline for employees. However, other procedures, such as audits or third-party, anti-corruption due diligence, are not evident.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of AGEL’s current products and services portfolio to the UN SDGs. This analysis is limited to evaluating the final product characteristics and does not include practices along AGEL’s production processes.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Renewable Energy (solar and wind)	91%	CONTRIBUTION	 

Breaches of international norms and ESG controversies

The company is not facing any severe controversy.

B. CONSISTENCY OF GREEN LOAN WITH AGEL'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by AGEL

AGEL's purpose is to decarbonise the nation's growth. Central for AGEL's business strategy is the achievement of the SDGs across all the firm's activities, with affordable and clean energy representing the cornerstone of the strategy.

The firm has set a target of achieving 45GW renewable energy capacity by 2030, aiming to produce electricity at an average tariff below the Average Power Purchase Cost (APPC) at the national level.⁴

AGEL says that it strives to generate and provide reliable power at competitive prices in a sustainable manner by optimising the use of renewable energy resources with innovative, eco-friendly technologies; thereby contributing to the economic development of the nation, social upliftment of society and promoting a healthy environment.

The firm has incorporated the SDGs into the three strategic pillars of its ESG strategy.⁵

- (i) Role in Corporate Climate Action
- (ii) Corporate Citizenship & Enabling Social Transformation
- (iii) Responsible Business Practices

To meet its business targets, AGEL prioritises the following SDG activities, which are at the core of its business: to increase the share of renewable energy (SDG 7); to provide decent work and economic growth (SDG 8); to develop innovative infrastructure (SDG 9); and to contribute to the mitigation of climate-related risks (SDG 13).⁶

The company has made the following pledges under the UN-Energy supported Energy Compacts⁷ in November 2021. It seeks to:

- Develop and operate renewable energy generation capacity of 25GW by 2025 and 45GW by 2030;
- Keep the average tariff below the APPC at the national level;
- Invest \$20 billion in low- and middle-income countries to pursue a just and inclusive energy transition by 2030;
- Provide reliable energy with renewable energy hybrid projects; and
- Develop a solar plant with a manufacturing capacity of 2GW per year in FY 2022/23.

⁴ www.adanigreenenergy.com/newsroom/media-releases/Adani-companies-AGEL-and-ATL-declare-Energy-Compact-Goals-as-part-of-COP26

⁵ www.adanigreenenergy.com/-/media/Project/GreenEnergy/Sustainability/latest-report.pdf

⁶ www.adanigreenenergy.com/-/media/Project/GreenEnergy/Sustainability/archives/AGEL-Integrated-Report-2019-20.pdf

⁷ www.adanigreenenergy.com/newsroom/media-releases/Adani-companies-AGEL-and-ATL-declare-Energy-Compact-Goals-as-part-of-COP26

Rationale for issuance

AGEL’s Green Loan Framework (the Framework) is in line with the group’s sustainability strategy and has been established to support its renewable energy development plans.

The renewable energy project (the Project) is a 450MW AC hybrid (wind and solar) power plant and currently being developed in India.

The Framework is valid for the green loan that the Borrower has entered for the purpose of financing the Project. As is usual for a project-financed transaction, the Borrower of the Project is a dedicated project-specific SPV, SBE Renewables Ten Projects, which was designated by AGEL.

The current total capex is expected to be \$430 million. The Project is being constructed in a self-engineering, procurement, construction (EPC) style (i.e., project management) and includes a 25-year power purchase agreement contract with the company Solar Energy Corporation of India (SECI).

Financing agreements with commercial lenders are expected to be signed in Q1 2022. The commercial operation date of the Project is planned to be in Q1 of FY 2022/23.

Last year in March, AGEL raised a \$1.35 billion green loan for a revolving project finance facility to initially finance the construction of a 1.69GW hybrid (solar and wind) project in India, according to a press release.

Contribution of use of proceeds category to sustainability objectives and priorities

ISS ESG mapped the use of proceeds category financed with this Green Loan to the sustainability objectives defined by AGEL and using the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the renewable electricity sector.

Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability. From this mapping, ISS ESG derived a level of contribution to the strategy of the use of proceeds’ category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR AGEL	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Renewable Energy	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the use of proceeds’ category financed with this loan is consistent with AGEL’s sustainability strategy and a material ESG topic for AGEL’s industry. The rationale for issuing a green loan is clearly described by AGEL.*

PART II: ALIGNMENT WITH GLPs

1. Use of Proceeds

The net proceeds from the Green Loan will be applied exclusively to finance the construction of the renewable energy project and not to refinance any existing project.

All proceeds of the commercial financing will be allocated to construction costs and expenses directly related to the development of the Project in line with the financial model. No funds raised under the Green Loan will be allocated to projects involving fossil fuel generation or nuclear energy-related technology, equipment or infrastructure.

According to AGEL, the Project promotes India's Ministry of New and Renewable Energy's policy for hybrids, supporting for example optimal utilisation of transmission infrastructure and land, reduced variability in renewable power generation and grid stability.

***Opinion:** ISS ESG considers the use of proceeds' description provided by AGEL's Green Loan Framework as aligned with the GLPs. AGEL specifically excludes the possibility that raised funds could be used for project categories such as fossil fuel or nuclear energy.*

2. Process for Project Evaluation and Selection

AGEL's board of directors, which is responsible for AGEL's business strategy, financial activities and sustainability goals, has determined that the project financing requirements for the Green Loan are aligned with AGEL's goal to reduce carbon emissions by developing renewable energy projects.

The board of directors gathers in different committees which manage risks. Three key committees are responsible for the following activities:

- The Risk Management Committee oversees and safeguards the risk to all stakeholders. Enterprise risk management is one of the key pillars of corporate governance at AGEL.
- The Corporate Social Responsibility (CSR) Committee fulfils the statutory requirement under the Companies Act and ensures that AGEL operates as a corporate citizen, furthering inclusive growth with all stakeholders, especially in the communities where AGEL is operating.
- The Stakeholder Engagement Committee oversees engagement with stakeholders and shareholders.

The project finance structure is such that all credit facilities in the finance documents are applied towards eligible costs for the purpose of constructing the Project.

AGEL says it ensures that all its projects are fully compliant with local and international environmental and social regulations and standards.

The Borrower has conducted an Environmental Social Impact Assessment (ESIA) for the Project, which requires the implementation of an Environmental and Social Management Plan (ESMP) and follows the Equator Principles (EP).

A third-party verification review and assessment regarding the implementation of the EP standards was undertaken via the Environmental and Social Due Diligence report (ESDD), to ensure that adequate

measures are in place to mitigate any environmental and social risks for the entire lifecycle of the Project.

Opinion: ISS ESG considers the outlined process for project evaluation and selection provided by AGEL's Green Loan Framework as aligned with the GLPs. AGEL manages risks and stakeholder engagement via its committees. It has conducted an impact assessment for the project in line with the Equator Principles, including a third-party verification of the Equator Principles to mitigate environmental and social risks.

3. Management of Proceeds

The proceeds of the Green Loan are to be used exclusively to finance the construction of the Project. The project finance structure is such that all costs outlined in the finance documents are deemed eligible for the purpose of constructing the Project.

As per project finance principles, the funds from all commercial credit facilities are monitored and need to receive a permission first before they can be used to pay for the construction costs. Following drawdown, funds are deposited in a designated project account. The project has been debt sized according to an approved financial model by the commercial lenders. Drawdown requests will be made in accordance with the debt sizing, and requests are approved by the Lender's Technical Advisor (LTA), a credit facility agent and the lenders.

In addition, AGEL has a dedicated finance and account team to monitor the funds and its utilisation. The team has a SAP backend system, which registers every time when proceeds are used. Each loan request will be accompanied with a certificate from the Borrower, confirming that the construction costs are due and payable, and that the proposed usage does not exceed the aggregate amount of construction costs anticipated in the budget. This request will be supported by a certificate from the LTA, confirming to the Borrower that the request is reasonable and required to pay for the construction costs.

As part of the compliance protocol, a certificate from an independent chartered accountant, which verifies that the use of proceeds is in conformity with the credit facility, will be submitted post each drawdown by the Borrower, within 30 days of such drawdown.

The LTA will also issue a technical advisory report every quarter to report on the Project and the actual versus projected expenditure of the construction budget.

Until such time when the proceeds are paid to the respective contractors, the amounts will be kept in temporary investment instruments that are cash or cash-equivalent in nature. The Borrower may invest the cash in line with activities authorised in the finance documentation.

As per the finance documentation, "authorised investments" mean the investments (including encashment, reinvestment and reallocation of investment) in:

- Treasury bills, debt instruments or other securities issued by the Government of India or backed by a full guarantee by the Government of India, as provided for under the Indian Trusts Act, 1882;
- Deposits or certificates of deposits issued by scheduled commercial banks or any financial institution, having a minimum rating of AA+ or an equivalent rating by any rating agency in India;

- Open-ended, debt-backed or fixed-return schemes with a minimum rating of AAA or an equivalent rating by any rating agency in India regarding mutual funds registered with the Securities and Exchange Board of India and for a minimum period of two years; and
- Any other instrument/investment explicitly approved in writing by the relevant Security Trustee.

However, the temporary investments shall never be utilised for any investment into any instrument exposed to the risk of fossil fuel-related businesses and/or funds.

Opinion: ISS ESG finds that the management of proceeds proposed by AGEL's Green Loan Framework is well aligned with the GLPs. AGEL discloses the nature of its temporary investments and lays out clearly a process to ensure that the proceeds are reliably and consistently allocated to the eligible project. The disclosure and level of detail is good market practice.

4. Reporting

AGEL has a dedicated finance and account team to monitor the funds and its utilisation.

As is usual for a project financed transaction, the Borrower will have the following ongoing reporting obligations as part of the finance documentation:

Construction and Operations

There are two phases to a greenfield project: the initial construction phase and the following operational phase.

- (i) Construction reports: The Borrower will produce these reports every month during the construction phase of the Project, and deliver them to the lenders, as well as the LTA. The reports will include a summary of the status of the construction progress and the usage of funds, in line with the construction budget. The reports will be provided until the loan is fully drawn.
- (ii) Operational reports: Once the Project is fully operational, the Borrower is obliged to produce operational reports semi-annually and will provide them to the lenders and the LTA. They will include impact reporting using the following impact indicators:
 - (A) MW of contracted capacity;
 - (B) MWh of energy produced or delivered; and
 - (C) avoided GHG emissions.

Environmental and Social Obligations

The outcomes of the ESIA have been used to formulate an ESMP, which recommends measures for addressing and managing the potential social and environmental impacts and risks of the Project. To implement the ESMP, an Environmental and Social Action Plan (ESAP) has been developed, outlining the specific mitigation measures for each of the identified environmental and social impacts and timeframes during which the steps must be implemented. An ESDD has also been undertaken to conduct an independent third-party review in respect of the ESIA and its recommendations.

To monitor and deal with the Project's environmental and social risks, the Borrower has committed to the following reporting obligations in the finance documentation:

- (iii) Environmental and social monitoring reports: these reports will be produced quarterly during

the construction phase and semi-annually during the operational phase. The reports shall include (1): a summary of the ongoing environmental and social compliance of the Project with prevailing laws, regulations, standards and permits; and (2): a summary of the Borrower's implementation of its ESMP and ESAP.

The construction, operation and environmental and social reports of (i), (ii) and (iii) mentioned above will be shared with the Project's commercial lenders and will not be made public.

Opinion: *ISS ESG finds that the reporting proposed by AGEL's Green Loan Framework is aligned with the GLPs. Transparency on individual disbursements is given, as an accountant will certify the utilisation of the loan post each drawdown by the Borrower. AGEL will also provide an impact report. The company proactively develops an ESDD report and action plan to deal with the project's environmental and social risks. The intended frequency of the reporting is disclosed and AGEL confirms that the reports will be provided only to the lenders and not made public.*

External review

The SPO report will be published on AGEL's and/or the Borrower's website.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN LOAN TO THE UN SDGs

Based on an assessment of the Green Loan’s sustainability quality and using a proprietary methodology, ISS ESG assessed its contribution to the UN SDGs.

This assessment is displayed on a five-point scale (see annex 1):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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The Green Loan’s use of proceeds’ category has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy <i>Solar PV</i>	Significant contribution	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
Renewable Energy <i>Wind power</i>	Significant Contribution	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

Solar PV & Wind

As a use of proceeds' category, solar PV and wind power have a significant contribution to SDG 7, affordable and clean energy, and SDG 13, climate action. The table below presents the findings of an ISS ESG assessment of the asset pool against KPIs from ISS ESG.

ASSESSMENT AGAINST ISS ESG KPIS

KPIs relevant to both, power generation from solar PV and wind

Community dialogue



Community consultations were conducted in the planning stage as part of an environmental and social impact assessment (ESIA) report. A grievance mechanism is in place for the construction and operational phase.

Site selection



An ESIA has been conducted for the project at planning stage.



The ESIA report confirms that there is no eco-sensitive area within 10km radius from the project site. No critically endangered species were observed in the area. The impact on local ecology was assessed to be moderate. AGEL states that it has carried out recommended measures in the ESIA to minimise the project's impact on local ecology.

Environmental aspects of construction and operation

A Desert National Park is located at approximately 30km. The area is at a significant distance from the project area, but there is a possibility of the endangered Great Indian Bustard visiting the project site when migrating.



Some measures to protect birds during the operation of the power plant have been taken. For wind turbine generators, specific locations in proximity of water bodies were avoided, to decrease the chance of bird collisions. Also, bird diverters will be implemented. The overall impact on birds and bats due to the project activity in the operational phase is moderate. AGEL said that it will implement all recommended measures in the ESIA report to minimise the project's impacts on birds and bats.

Construction phase: Considering the short duration of the phase and its low intensity, the impacts of noise and shadow flickers have been assessed as low in significance and can be controlled with recommended mitigation measures.

There will be minimal clearing of vegetation during the construction phase and no critically endangered species were observed in the area. However, animals such as Nilgai, Chinkara, Indian Hare could be affected during the construction phase due to moving vehicles carrying raw materials. The impact on local ecology is considered to

be moderate. AGEL said that it will implement the recommended noise mitigation and ecology measures as per the ESIA report.

Construction and operational phase: The project's impact on ground water is anticipated to be high, as it is a highly water scarce area, and the ESIA report suggests countermeasures which can reduce the impact to a moderate level. AGEL said that it will implement the measures against water scarcity as recommended in the ESIA report.

Working conditions during construction and maintenance work



AGEL is certified with ISO 45001 (occupational health and safety management system). Accidents like electrocution, short circuits may lead to occupational health and safety issues. Workers need to wear personal protective equipment and need to be trained to prevent such accidents. AGEL said that it will implement the recommended measures in the ESIA report regarding health and safety and manage these aspects as per the requirements of ISO 45001.

The activities of the project during both construction and operational phase will help improve the socioeconomic condition of the surrounding area.

KPIs only relevant to power generation from solar PV

Supply chain standards



AGEL has identified a list of vendors exposed to human right risks based on proprietary material (OEMs) and based on expenses. According to AGEL, the top 50 critical suppliers of this list are evaluated at regular intervals based on criteria including human rights indicators and risk.

These screened suppliers represent 90% of AGEL's total expenditure, the firm says.

AGEL also says it has no supply chain exposure from manufacturing facilities based out of the Xinjiang region in China.

Environmental aspects of solar power plants



All solar modules financed under this issuance feature a conversion efficiency of 15% or higher.

AGEL will tie-up with CPCB/ SPCB hazardous waste recyclers who are authorized to store transformer waste oil, which may leak from improper handling of broken solar modules.



All hazardous waste generated due to the project should be stored and disposed as per the requirements of the Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2016.

The broken solar panels will be properly packed and send back to the authorized hazardous waste recycler.

Broken solar panels will be stored on paved surfaces and be handed back to manufacturers/authorized recyclers within 15 days. Periodic EHS audits should be conducted to monitor the same.

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from AGEL.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by AGEL.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Loan KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of AGEL’s Green Loan.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfil the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Loan KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Loan KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by AGEL (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by AGEL.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which AGEL’s Green Loan contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

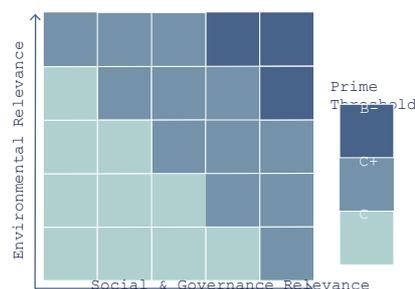
- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices
- Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

AGEL commissioned ISS ESG to compile a Green Loan SPO. The Second Party Opinion process includes verifying whether the Green Loan Framework aligns with the GLPs and to assess the sustainability credentials of its Green Loan, as well as AGEL's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- LMA GLPs
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by AGEL

ISSUER'S RESPONSIBILITY

AGEL's responsibility was to provide information and documentation on:

- Framework
- Asset pool / Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Loan to be issued by AGEL based on ISS ESG methodology and in line with the LMA's GLPs.

The engagement with AGEL took place from December 2021 to January 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of AGEL themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information about SPO services, please contact: SPOsales@isscorporatesolutions.com

For information about this specific Green Loan SPO, please contact: SPOOperations@iss-esg.com

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