

Sustainable Finance Framework

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1. Introduction

Vivriti Capital Limited (VCL) is a public limited company registered under Companies Act, 2013. VCL is also registered with the Reserve Bank of India as a Non-Deposit taking Systemically Important Non-Banking Finance Company (NBFCs-ND-SI) and its debt securities are listed with Bombay Stock Exchange.

Vivriti Asset Management Private Limited (“VAM”), a subsidiary of VCL, is an investment manager to fixed-income Alternative Investment Funds registered with Securities and Exchange Board of India (both VCL & VAM hereinafter together shall be referred as **“Vivriti”**).

2. Background

2.1 Vivriti’s Sustainability Commitment

Vivriti’s commitment to sustainability is fortified through its responsible business practices, amplified by its sustainable financial instruments & financial flows catered to financial inclusion, long-term impact and value creation. It has adopted a proactive approach to align its business strategy with its sustainability commitment and action. Policies, processes and initiatives/intervention measures that address environmental, social, governance issues have been developed and implemented at the Group Level. Vivriti believes in continuous improvement of its business and sustainability performance, and abiding by the spirit of “building a circle of sustainable champions” actively practices stakeholder engagement and stewardship measures to help its counterparts improve their sustainability performance.

2.1.1 Sustainable Financing at Vivriti

Vivriti has developed a strong ESG risk management framework (outlined in the ESG Policy) and a digital application ‘Vivriti Sustainability Assessment Model (VSAM)’ that measures and assesses the ESG performance of its borrowers/investees based on the inputs from ESG due diligences conducted (ESG health of portfolio companies is measured and monitored by integrating the ESG risk assessment process with pre and post due diligence and periodic risk monitoring).

Vivriti’s ESG Policy and Energy Policy form a part of implementation of this framework.

2.1.2 ESG Risk Assessment

- Exclusion list - Mandatory compliance in ensuring not entering into transaction with any institution that is engaged in any of the prohibited list of activities outlined in the ESG policy
- ESG risk score - Every borrower and originator as the case may be undergoes evaluation of their ESG risks through Vivriti’s ESG risk assessment measures (including Vivriti Sustainability Assessment Model) and graded on a scale of 1 to 5
- Stewardship - On-field due diligence and periodic risk monitoring have been designed to enhance our stewardship efforts and strengthen our portfolio engagement

3. Rationale for establishing Sustainable Financing Framework (“Framework”)

This Sustainable Financing Framework lays out guidelines that have been adopted by Vivriti to design and implement sustainable financial solutions centered around social and environmental impact. In this process, Vivriti shall explore companies which directly or indirectly contribute to environmental and/or social objectives, including the ones outlined below:

Environmental Objectives

- Contribute towards clean and sustainable environment with respect to land, water and air (reduce direct air emissions and discharge of pollutants, improve water conservation and efficiency, wastewater management and treatment, etc)
- Conserve resources by following the 4 R’s – reducing consumption, reusing, recycling, refurbishing
- Initiate and support measures to adopt renewable energy, improve energy efficiency and reduce GHG emissions
- Support measures for biodiversity conservation by following the practices of protecting, conserving and restoring ecosystems
- Adoption of transparent, ethical and fair practices
- Generate awareness, share knowledge and support training programs on sustainable development among employees, neighbouring communities and the public

Social Objectives

- Enhance access of renewable energy for all
- Enhance inclusive access to basic amenities like public transport and services, etc.
- Enhance access to good healthcare services for all
- Enhance access to clean water and sanitation facilities for all
- Job creation
- Respect & support the rights of indigenous communities
- Cultural heritage conservation and protection
- Biodiversity conservation

4. Scope and purpose of the Framework

The Sustainable Financing Framework is consistent with Vivriti’s sustainability strategy. The Framework will be applicable to all financial instruments including bonds, debentures, loans or any other Sustainable Financial Instruments which are used to finance /refinance eligible green and/or social projects (herein referred to as Instruments).

The Sustainable Financing Framework adheres to the guidelines of frameworks like the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Green Loan Principles 2023, Climate Bonds Standard, Climate Bonds Initiative, Social Bond Principles 2023, and Social Loan Principles 2023.

- i. Four core components of the Green Bond Principles, 2021 (“2021 GBP”- June 2022 Appendix):
 - a. Use of proceeds
 - b. Process for Project Evaluation and Selection
 - c. Management of proceeds
 - d. Reporting

- ii. International Capital Market Association (“ICMA”) Green Bond Principles 2021, Social Bond Principles 2023 and Sustainability Bond Guidelines 2021
- iii. The Green Loan Principles 2023, published by the Loan Markets Association “LMA” that build on and refer to the Green Bond Principles
- iv. The Loan Markets Association “LMA” Social Loan Principles 2023
- v. Climate Bonds Standard version 3 which also adheres to the Green Bond Principles, 2017 for which the International Capital Markets Association (ICMA) serves as Secretariat
- vi. Climate Bonds Initiative standard 4.0 updated April 2023

5. Use of Proceeds

5.1 Eligible Green Projects

The net proceeds from the Instruments will be applied to finance and/or refinance, in whole or in part, new or existing investments and/or acquisitions in the following categories of eligibility (“**Eligible Green Projects**”):

5.1.1 Energy

a. Criteria for Eligible Projects & Assets – Solar

Eligible Project & Assets relating to solar energy generation shall be projects or assets that operate or are under construction to operate in one or more of the following activities:

- Onshore solar electricity generation facilities
- Wholly dedicated transmission infrastructure, grid connections and other supporting infrastructure for onshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems
- Onshore solar thermal facilities such as solar hot water systems
- Onshore solar heat/cool and power cogeneration facilities
- Dedicated operational production, manufacturing or distribution facilities for key components, such as solar panels, inverters etc.

Non-solar fuel use: Eligible Project & Assets that have activities in solar electricity generation facilities or solar thermal facilities shall have a minimum of 85% of electricity generated from solar energy resources.

b. Criteria for Eligible Projects & Assets – Wind

Eligible Project & Assets relating to wind energy generation shall be projects or assets that operate or are under construction to operate in one or more of the following activities:

- Onshore wind electricity generation facilities
- Wholly dedicated transmission infrastructure, grid connections and other supporting infrastructure for onshore wind electricity generation facilities including inverters, transformers, energy storage systems and control systems.
- Dedicated operational production, manufacturing or distribution facilities for key components, such as wind turbines, platforms etc.

c. Criteria for Eligible Projects & Assets – Bioenergy

- Facilities producing biofuel/biomass using feedstock in scope
- Fuel preparation process facilities such as those for drying, size reduction, pelletisation or briquetting, and pyrolysis
- Pre-treatment facilities such as those for thermochemical liquefaction, pyrolysis and gasification
- Bio-refinery facilities which produce biomass-based products for energy purpose (power and heat). They may also co-produce bio-mass based products for non-energy use (such as food and feed ingredients, pharmaceuticals, chemicals, materials and minerals), with $\geq 50\%$ biomass-based products produced for energy use
- Energy production facilities using feedstock in scope
- Heating/cooling, and co-generation facilities using biofuel/biomass
- Traditional biomass assets or projects, such as a three-stone fire for heating and cooking in the residential sector
- Supporting Infrastructure
- Dedicated transmission lines from an eligible bioenergy facility to the main grid
- Dedicated bioenergy storage facilities
- Infrastructure that is built to power the extraction or distribution of fossil fuels

d. Criteria for Eligible Projects & Assets – Electricity Storage facilities

1.1. Construction, upgrade and/or operation of wholly dedicated battery facilities serving a power generation facility that meets the requirements of the relevant standard sector criteria, including:

- Wind energy
- Solar energy
- Marine Renewable energy (including offshore wind)
- Geothermal energy
- Hydropower energy
- Type of batteries might include
- Lithium-ion
- High temperature sodium-sulphur
- Vanadium redox flow
- Zinc-bromide hybrid flow
- Lead-acid

5.1.2 Transport

a. Criteria for Eligible Projects & Assets – Passenger cars and commercial vehicles

- i. Manufacture and upgrade, purchase and/or operation of zero direct emission passenger or light commercial vehicles, for example:
- Electric vehicle manufacturing
 - Banks leasing electric vehicles

- Taxi aggregators operating electric vehicle fleets
 - ii. Manufacture and upgrade and/or purchase of key components to be used in eligible vehicles, for example:
 - Manufacturing of high-density lithium-ion batteries
 - Leasing of high-density lithium-ion batteries
- b. Criteria for Eligible Projects & Assets – Public passenger transport by road - buses (urban) and coaches (interurban) transporting public passengers**
- i. Manufacture and upgrade, purchase and/or operation of zero direct emissions buses or coaches, for example:
 - Electric bus manufacturing
 - Entities leasing electric buses
 - Private coach companies operating electric coach fleets
 - ii. Manufacture and upgrade and/or purchase, of key components to be used in eligible vehicles, for example:
 - Manufacturing of high-density lithium-ion batteries
 - Leasing of high-density lithium-ion batteries
- c. Criteria for Eligible Projects & Assets – Infrastructure for low carbon transport**
- Construction of dedicated infrastructure for other types of emissions-free travel such as public walking and cycle lanes
 - Dedicated charging and alternative fuel infrastructure (when separable from fossil fuel filling stations and garages)
 - The implementation and integration of Information and Communication Technology (ICT) systems that improve asset utilisation, flow and modal shift, regardless of transport mode (for example public transport information, car-sharing schemes, smart cards, road charging systems, etc.)

5.1.3 Waste and Pollution Control

a. Criteria for Eligible Projects & Assets – Material Reuse

Construction, Upgrade and operation of facility repairing and/or reusing products or components for same purpose for which they were conceived.

Mitigation Requirements

Assets covered	Eligibility Criteria
Facilities collecting, sort, clean, refurbish, recondition and/ or repair products	<p>The products are put back to their original use without any further pre-processing required.</p> <p>For waste electrical and electronic equipment (WEEE) specifically, the product is covered by an ecolabelling scheme and only those products meeting the three lowest energy use categories are eligible.</p>

b. Criteria for Eligible Projects & Assets – Material Recycling

Construction, Upgrade and operation of facilities producing recycled glass, metal, paper, and plastic from post-consumer waste.

Assets covered	Eligibility Criteria
Facilities processing recyclable waste fractions into secondary raw materials	The secondary raw materials (such as steel, aluminium, glass, plastics) cease to be waste and are sold to be used as secondary raw materials.

c. Criteria for Eligible Projects & Assets – Collection Infrastructure

Manufacture and upgrade, purchase of containers provided for waste collection.

Assets covered	Eligibility Criteria
ISO containers, recycling bins, wheeled bins, green/garden waste containers	Made from 100% recycled and recyclable materials. Containers for residual waste will not be eligible unless part of an investment that also includes an equivalent number of separate containers for material recycling. Support source segregation of waste.
Collection vehicles	Must meet Transport Criteria

d. Criteria for Eligible Projects & Assets – Composting

Construction, Upgrade and operation of Facility producing compost via green waste such as food, garden or yard wastes.

Assets covered	Eligibility Criteria
Facilities processing food and/ or green/ garden/ yard waste to produce compost for agricultural, municipal or consumer applications	<ul style="list-style-type: none"> • Zero measurable methane emissions • Monitoring, sampling and control of the following is carried out in accordance with PAS100 guidance or equivalent national or state standard or guidance: <ul style="list-style-type: none"> ○ Waste inputs (to ensure only source separated, uncontaminated garden/yard and other appropriate waste is received). ○ The process (for example, to ensure temperature, moisture and emissions are aligned with correct process operation); and ○ Product quality (properly sampled and analysed for parameters that would affect its use: for example, heavy metals and other biocidal substances, particle size, contamination, stability). • The resulting product is not landfilled and replaces non-waste material in the market

e. Criteria for Eligible Projects & Assets – Anaerobic Digestion

Construction, Upgrade and operation of Facility for processing food, garden or yard, or other organic materials to produce biogas and digestate for e.g. electricity generation

Assets covered	Eligibility Criteria
Facilities which produce power and/ or heat using food and/ or green/ yard waste	<ul style="list-style-type: none"> • Total methane emissions $\leq 1285\text{g CH}_4/\text{tonne}$ of waste input (this is approximately equivalent to $100\text{g CO}_2\text{e/ kWh}$) • Woody waste must be segregated before or after processing and sent to an eligible EfW or composting plant • Monitoring, sampling and control of the following is carried out in accordance with PAS110 guidance or equivalent national or state standard or guidance <ul style="list-style-type: none"> ○ Waste inputs (to ensure only source separated, uncontaminated food and other appropriate waste is received). ○ The process (for example, to ensure temperature and emissions are aligned with correct process operation). And ○ Product quality (properly sampled and analysed for parameters that would affect its use: for example, heavy metals and other biocidal substances, nutrients and contamination). • The solid and liquid products are not landfilled and replace non-waste materials in the market

f. Criteria for Eligible Projects & Assets – Pre-sorting

Construction, Upgrade and operation of Facility for segregating mixed recyclables into separate, saleable streams, e.g. material recovery facilities (MRFs)

g. Criteria for Eligible Projects & Assets – Waste Incineration or Gasification & Energy Recovery

- i. Construction, Upgrade and operation of Facility producing electricity and/or heat via the combustion of municipal solid waste OR mixed residual waste.
- ii. Construction, Upgrade and operation of Facility producing electric and/or heat via gasification of residual municipal solid waste

Assets covered	Eligibility Criteria
Facilities which produce power and/ or heat/ cooling by the thermal processing of residual waste, including	<ul style="list-style-type: none"> • Plant efficiency $\geq 25\%$; AND • Bottom ash recovery; AND • $\geq 90\%$ recovery of metal from ash; AND • Average carbon intensity of electricity and/ or heat over the life of the plant \leq waste management allowance; AND

rejects from recycling/ composting/ AD	<ul style="list-style-type: none"> The capacity of the plant does not exceed the calculated residual waste at any time in the plant's life.
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h. Criteria for Eligible Projects & Assets – Decommissioned Landfill only, with Gas Capture & Energy Generation

i. Construction, Upgrade and operation of Facility for Project to capture biogas from non-operational landfill (ceased receiving waste except inert restoration materials)

Assets covered	Eligibility Criteria
Projects to capture biogas from closed landfill facilities	<ul style="list-style-type: none"> Gas capture $\geq 75\%$; Gas used to generate electricity and input to the natural gas grid or used as vehicle fuel. The landfill is not accepting further waste (with the exception of restoration materials).

5.1.4 Agriculture

a. Criteria for Eligible Projects & Assets – Crops and livestock

Assets covered	Eligibility Criteria
Crops whole production unit	Establishment, expansion, or ongoing operation of the production unit as a whole
Crops, Intervention aimed at addressing GHG emissions/carbon sequestration	Specific interventions within the production unit to implement GHG emission reduction or carbon storage activities – <ul style="list-style-type: none"> Agroforestry practices New fertiliser application systems New low-till agricultural systems
Crops, Supporting Activities which reduce GHG emissions/increase sequestration	Only the following activities which reduce GHG emissions/increase sequestration are eligible: <ul style="list-style-type: none"> Activities that enable the measurement, monitoring, reporting and verification of emissions reductions Research and development of ruminant feed that reduces methane emissions Research into alternative meat and dairy products that might substitute for meat and dairy consumption Provision of capacity building or education services relating to low carbon agricultural practices Training in one of the approved best practices
Livestock, Whole Production Unit	Establishment, expansion, or ongoing operation of the production unit as a whole, e.g., conversion of degraded land for agricultural production, herd expansion or maintenance of climate-friendly farming practices

Livestock, Intervention aimed at addressing GHG emissions/carbon sequestration	Specific interventions within the production unit to implement low GHG practices, e.g. New manure management or treatment system; New feed regimes for ruminant livestock
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5.1.5 Buildings

a. Criteria for Eligible Projects & Assets – Residential building

Assets covered	Eligibility Criteria
Residential Buildings – a building or portfolio of building where more than half of the floor area is used for dwelling purposes, including but not limited to the following subcategories of residential buildings: Single family rentals; Multi-family Rentals	<ul style="list-style-type: none"> • Origination or refinancing of loans or mortgages, including portfolios • Capital costs of performance upgrades such as building envelope retrofits, lighting upgrades, appliance & equipment upgrades, smart metering, etc • Operating expense of ongoing maintenance, where increased energy efficiency and decreased carbon emissions are materially significant

b. Criteria for Eligible Projects & Assets – Commercial building

Assets covered	Eligibility Criteria
Commercial Buildings - a building or portfolio of buildings where more than half of the floor area is used for commercial purposes, including but not limited to the following subcategories of commercial buildings: Offices; Schools; Campuses; Shopping centres; retail shops	<ul style="list-style-type: none"> • Origination or refinancing of loans or mortgages, including portfolios • Capital costs of performance upgrades such as building envelope retrofits, lighting upgrades, appliance & equipment upgrades, smart metering, etc • Operating expense of ongoing maintenance, where increased energy efficiency and decreased carbon emissions are materially significant

c. Criteria for Eligible Projects & Assets – Industrial building

Assets covered	Eligibility Criteria
Industrial Buildings – a building or facility dedicated to the manufacturing, altering, repairing, cleaning, washing, breaking-up, adapting or processing any article/goods including but not limited to the following subcategories: Manufacturing facility; Agriculture/livestock facilities; Energy generation facilities	<ul style="list-style-type: none"> • Origination or refinancing of loans, including portfolios • Capital costs of performance upgrades material to the building's performance such as envelope retrofits, lighting upgrades, smart metering, etc • Capital costs of performance upgrades to non-building related industrial equipment

5.1.6 Information technology & communications

a. Criteria for Eligible Projects & Assets- Broadband networks & IT solutions

- Broadband networks, IT solutions
- Teleconferencing, telecommuting software and services
- Fibre optic and cable networks and exchanges
- Data centres or with source power emissions less than 50gCO₂/kWh or Power Usage Effectiveness (PUE) of 1.4 or lower
- Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions
- Such ICT solutions may include, inter alia, the use of decentralized technologies (i.e., distributed ledger technologies)
- Internet of Things (IoT), 5G and Artificial Intelligence

b. Criteria for Eligible Projects & Assets- Power management

- Power management
- Dedicated infrastructure, software, and hardware for remote and in situ power management, such as load balancing, energy monitoring and automatic switching off power systems

5.2 Eligible Social Projects

The net proceeds from the Instruments will be applied to finance and/or refinance in whole or in part, in whole or in part, new or existing investments and/or acquisitions in the following social project categories:

a. Criteria for Eligible Projects & Assets

Assets Covered	Eligibility Criteria
Micro, Small and Medium Enterprise Lending	Loans to MSME's as per RBI's definition on MSME
	Definition of MSMEs is in accordance with the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, wherein for a micro enterprise, the investment in plant and machinery or equipment does not exceed INR 10 million (USD 121,000) and turnover does not exceed INR 50 million (USD 605,000); for a small enterprise, the investment in plant and machinery or equipment does not exceed INR 100 million(USD 1.2 million) and turnover does not exceed INR 500 million (USD 6 million); and for a medium enterprise, the investment in plant and machinery or equipment does not exceed INR 500 million (USD 6 million) and turnover does not exceed INR 2.5 billion (USD 30.2 million)
Affordable Basic Infrastructure – Water	Construction, maintenance and equipment for water supply infrastructure Water, Sanitation and Hygiene (WaSH) projects will be limited to providing potable water and not industrial water

Affordable Basic Infrastructure – Access to Electricity	Development of transmission and distribution infrastructure aimed at improving access to electricity to areas where there is no access or access is substantially inadequate (e.g. projects under the National Energy Policy addressing access to electricity for all households, including in rural areas)
Affordable Basic Infrastructure – Access to Transportation	Development of roads (including road infrastructure in areas that lack connectivity, or in areas lacking infrastructure in underdeveloped regions)
Access to Essential Services - Healthcare Financing	Financing related to the construction, equipment or operation of activities that expand access to healthcare
	R&D, manufacture, logistics and distribution of medical products and supplies (including masks, respirators, medicines, etc) essential to emergency medical response, support for natural disaster (including pandemic) and vaccinations
	Healthcare facilities
Access to Essential Services – Education Financing	Education loans to individuals including vocational courses
	Loans for building social infrastructure (e.g.: construction of Schools)
Access to Essential Services - Housing Finance	Loans to individuals for purchase or construction of their houses
	Loans to individuals for renovation of an existing house
	Loans for construction and development of affordable housing projects
Food Security	Investments or projects related to Investment in infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to avoid food losses
Impact Financing	Loans to NBFCs for on-lending to MSMEs as per RBI's definition
	Loans to housing finance companies as per affordable housing criteria mentioned in "Access to essentials" category
	Loans to registered NBFC-MFIs ³³ and other MFIs (Societies, trusts etc.) which are members of RBI recognised Self-Regulatory Organisation for the sector, for on-lending to low-income individuals and households and also to members of Self-help groups (SHGs) and Joint liability groups (JLGs). primarily comprising of women

6. Process for Project Evaluation and Selection

At the inception of every Eligible Green and/or Social Project, Vivriti will ensure that the project fully complies with relevant environmental, social and governance regulations and standards. Proceeds from the Sustainable Financing Instruments will be used exclusively for Eligible Green and/or Social Projects which are intended to deliver long-term positive environmental and social impact.

The projects shall be evaluated and selected for financing and/or refinancing based on:

- a. Vivriti Group's ESG Framework
- b. Qualification of the project as Eligible Green and/or Social Project
- c. Approval of the Credit and/or Investment committee and ESG Committee, as may be applicable

a. Vivriti Group's ESG Framework

Vivriti has integrated ESG risks into its existing risk management framework by establishing a comprehensive structure to identify, evaluate, monitor and manage these risks through exclusion list, risk assessment structure and Vivriti's Sustainability assessment model.

- i. ESG Committee that has an oversight of all our ESG engagements and activities
- ii. Exclusion List: Vivriti will not enter arrangements/transactions with any institutions or persons that are engaged in any of the activities set out in Annexure I of the ESG policy ("Prohibited Activities"). This list is updated from time to time based on guidance provided by the Board and Vivriti's senior management.
- iii. ESG Risk Assessment:
 - Preliminary diligence of prospective and existing enterprise borrower/investee of VCL or VAM shall be carried out by the ESG/Credit analyst basis sector
 - In the case of a new enterprise borrower/investee to which VCL/VAM proposes to lend/invest any money or on-balance sheet financing, the client's ESG risk/ opportunity is assessed on the Vivriti Sustainability Assessment model (VSAM)
 - Over a period of time, this allows us to understand the trend of the ESG practices of the borrower
 - VCL has developed its own ESG methodology through the Vivriti Sustainability Assessment Model (VSAM) to determine the ESG risks/opportunities of the borrower. Each borrower basis the due diligence and understanding of their E, S & G practices, policies and processes receives a proprietary overall ESG score (Vivriti SA1-SA5)

b. Qualification of the project as Eligible Green and/or Social Project

The Eligible Green and Social Projects criteria outlined in this Sustainable Finance Framework will determine the selection of projects for financing/refinancing, using the proceeds from the Sustainable Financing Instruments.

c. Final project financing/refinancing approval

The final decision-making for the financing/refinancing of Eligible Green and/or Social Projects falls in the purview of the Credit and/or Investment committee and ESG Committee. The decision-making is based on the ESG assessment reports and the initial screening reports that screen projects according to the Exclusion List and eligibility criteria applied for each project as outlined in this Framework.

Exclusion List

The Exclusion List or 'List of Prohibited Activities' is based on IFC's Exclusion List.

Vivriti will not enter in arrangements/transactions with any institutions/persons that are engaged in any of the activities set out below:

- Any production or trade of illegal products or activities
- Any activity related to weaponry & ammunition
- Manufacturing & trading of alcoholic beverages (except for wine & beer)
- Manufacturing & trading of tobacco
- Any forms of gambling (including casinos & others)
- Trading of wildlife or wildlife products
- Manufacturing & trading of radioactive materials
- Manufacturing, trading & use of unbonded asbestos fibers
- Any logging activity or purchase of logging machinery
- Manufacturing & trading of banned pharmaceuticals
- Manufacturing & trading of banned pesticides/herbicides
- Manufacturing & trading of products containing PCBs
- Manufacturing & trading of ozone depleting substances
- Manufacturing & trading of radioactive materials
- Large-scale drift net fishing activities
- Any activity that involves labour exploitation
- Any activity that includes large volumes of hazardous chemicals
- Any activity involving violation of the rights of indigenous groups

7. Management of Proceeds

- All projects/accounts earmarked under Green, Social or Sustainable portfolio will have the use of proceeds and other necessary information identified, recorded and reported separately.
- Unallocated proceeds, if any, shall be invested or allocated in liquid money market instruments, government securities and Cash & Cash Equivalents. as deemed fit with strict exclusion to sectors or activities identified in the Exclusion Criteria.
- On the allocation of proceeds of entire ESG portfolio will include –
 - i. Project briefing of various Eligible Green Projects and/or Eligible Social Projects allocated
 - ii. Amounts allocated to the various Eligible Green Projects and/or Eligible Social Projects
 - iii. Amount of unallocated proceeds
 - iv. Use of unallocated proceeds

8. Monitoring of Proceeds

The overall portfolio position under Sustainable Finance Framework shall be monitored quarterly by the S&I Team. Any changes to the overall portfolio considered under the Green, Social or Sustainable categorisation and/or removal and addition of individual projects from the Green, Social or Sustainable portfolio shall be done according to the Eligible Criteria set forth in the Framework and shall have to be cleared by the S&I Team.

9. Reporting

S&I team shall report the use of proceeds for each instrument issued under this Framework to the ESG committee and thereafter as a part of their annual reporting.

9.1 Impact Indicators

9.1.1 Green Eligible assets

Sl. No.	Category	Impact Indicators
1	Renewable Energy	<ul style="list-style-type: none"> ▪ Annual Green House Gas (GHG) emissions reduced/avoided (tCO₂eq p.a.) ▪ Annual renewable energy generation ▪ Capacity of renewable energy plant(s) constructed or rehabilitated in MW
2	Energy Efficiency	<ul style="list-style-type: none"> ▪ Annual energy savings ▪ Annual GHG emissions reduced/avoided (tCO₂eq p.a.) ▪ Number of people who benefitted
3	Sustainable Water & Wastewater Management	<ul style="list-style-type: none"> ▪ Annual water uses before and after the project, reduction in water use in % ▪ Annual amount of wastewater treated, reused or avoided before and after the project ▪ Number of people with access to clean drinking water, improved sanitation facilities under the project
4	Clean Transportation	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided (tCO₂eq p.a.) ▪ Reduction of air pollutants ▪ Number of clean vehicles deployed ▪ Estimated reduction in fuel consumption
5	Climate Adaptation	<ul style="list-style-type: none"> ▪ Increase in grid resilience, energy generation, transmission/distribution and storage in MWh
6	Circular Economy	<ul style="list-style-type: none"> ▪ % of Single use products replaced by reusable products. ▪ % increase in reusable, recyclable, and/or certified compostable materials, components & products

		<ul style="list-style-type: none"> ▪ Increased proportion of circular materials produced as a % of the total material production of the project ▪ Waste that is prevented, minimised, reused or recycled before and after the project
7.	Green Buildings	<ul style="list-style-type: none"> ▪ Energy use reduced; Renewable energy generated on site ▪ Annual GHG emissions reduced/avoided in tonnes of CO2 equiv. ▪ % of carbon emissions reduced/avoided
8.	Agriculture sustainability	<ul style="list-style-type: none"> ▪ Increase in Productivity w/o inc in GHG ▪ Reduction in post-harvest losses ▪ GHG Emission reduced

9.1.2 Social Eligible Assets

Sl. No.	Category	Impact Indicators
1.	Micro Small and Medium Enterprises lending	Number of SMEs financed/supported Number of women owned businesses supported Total value of loans disbursed
2.	MFI	Number of women borrowers New to Credit/ Thin line credit holders Number of Rural borrowers

ANNEXURE I
Rapid Environmental Assessment (REA) Checklist

Location:

Subproject Title:

Preparer/Date:

SCREENING QUESTIONS	Yes	No	REMARKS
A. Subproject Siting Is the Subproject area adjacent to or within any of the following environmentally sensitive areas?			
<ul style="list-style-type: none"> • Cultural heritage site 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> • Legally protected area (core zone or buffer zone) 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> • Wetland 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> • Mangrove 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> • Estuarine 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> • Special area for protecting biodiversity 	<input type="checkbox"/>	<input type="checkbox"/>	
B. Potential Environmental Impacts Will the Subproject cause...			
<ul style="list-style-type: none"> • impairment of historical/cultural areas; disfiguration of landscape or potential loss/damage to physical cultural resources? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> • disturbance to precious ecology (e.g. sensitive or protected areas)? 	<input type="checkbox"/>	<input type="checkbox"/>	

SCREENING QUESTIONS	Yes	No	REMARKS
<ul style="list-style-type: none"> alteration of surface water hydrology of waterways resulting in increased sediment in streams affected by increased soil erosion at construction site? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> increased air pollution due to subproject construction and operation? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> noise and vibration due to subproject construction or operation? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> involuntary resettlement of people? (physical displacement and/or economic displacement) 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> disproportionate impacts on the poor, women and children, Indigenous People, or other vulnerable groups? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> poor sanitation and solid waste disposal in construction camps and work sites, and possible transmission of communicable diseases (such as STI's and HIV/AIDS) from workers to local populations? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> creation of temporary breeding habitats for diseases such as those transmitted by mosquitoes and rodents? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> social conflicts if workers from other regions or countries are hired? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> large population influx during subproject construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during subproject construction and operation? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation? 	<input type="checkbox"/>	<input type="checkbox"/>	

SCREENING QUESTIONS	Yes	No	REMARKS
<ul style="list-style-type: none"> community safety risks due to both accidental and natural causes, especially where the structural elements or components of the subproject are accessible to members of the affected community or where their failure could result in injury to the community throughout subproject construction, operation, and decommissioning? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> generation of solid waste and/or hazardous waste? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> use of chemicals or hazardous materials? 	<input type="checkbox"/>	<input type="checkbox"/>	
<ul style="list-style-type: none"> generation of wastewater during construction or operation? 	<input type="checkbox"/>	<input type="checkbox"/>	

Overall conclusion on Environment Category (circle one):

A

B

C

Reason for conclusion:

ANNEXURE II
Involuntary Resettlement Screening Questions

Involuntary Resettlement Screening Questions	Yes	No	Not Known	Remarks
Involuntary Acquisition of Land				
1. Will there be land acquisition?				
3. Is the ownership status and current usage of land to be acquired known?				
4. Will easement be utilized within an existing Right of Way (ROW)?				
5. Will there be loss of shelter and residential land due to land and/or building purchase or lease?				
6. Will there be loss of agricultural and other productive assets due to land acquisition?				
7. Will there be losses of crops, trees, and fixed assets due to land acquisition?				
8. Will there be loss of businesses or enterprises due to land and/or building purchase or lease?				
9. Will there be loss of income sources and means of livelihoods due to land and/or building purchase or lease?				
10. Are there any pending court cases, claims or grievances related to the land to be acquired or leased?				
11. Are there unsettled compensation to previous landowners, informal land users and affected persons?				
12. Will people lose access to natural resources, communal facilities and services?				
13. If land use is changed, will it have an adverse impact on social and economic activities?				
14. Will access to land and resources owned communally or by the state be restricted?				
Information on Displaced Persons:				

Any estimate of the likely number of persons that will be displaced by the Project? <input type="checkbox"/> No <input type="checkbox"/> Yes
If yes, approximately how many? _____
Are any of them poor, female-heads of households, or vulnerable to poverty risks? <input type="checkbox"/> No <input type="checkbox"/> Yes
Are any displaced persons from indigenous or ethnic minority groups? <input type="checkbox"/> No <input type="checkbox"/> Yes

Indigenous People Screening Questions	Yes	No	Not Known	Remarks
A. Indigenous People Identification				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, schedules tribes, tribal People), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal People, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous People" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
B. Identification of Potential Impacts				
9. Will the project directly or indirectly benefit or target Indigenous People?				

Indigenous People Screening Questions	Yes	No	Not Known	Remarks
10. Will the project directly or indirectly affect Indigenous People' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the project affect the livelihood systems of Indigenous People? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous People, and/or claimed as ancestral domain?				
C. Identification of Special Requirements <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous People?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous People?				
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous People?				
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous People?				

ANNEXURE III
Supply Chain Due Diligence

Aspect	Question
Policy and Legal Knowledge	Does the Company have a Procurement Policy, and does it clearly define E&S commitments/standards? Does this include commitments related to child and forced labor etc.
	Do you have a code of conduct for suppliers covering supply chain risks (CL, FL, harm to workers)? Does this the CoC form part of vendors contractual obligations?
	Do procurement policies define any of the following for suppliers (please provide details): <ul style="list-style-type: none"> • What is the minimum age for employment in suppliers? • What is the age for hazardous work? • A list of hazardous tasks for underage workers you share with suppliers?
Capacity	Please describe the human resources responsible for administering the supply chain management at a corporate level.
	Please describe the human resources responsible for administering the supply chain management at a Project level.
	Who is involved in vendor/supplier evaluations? Are E&S staff involved? If so, what is their role?
Quality of Supplier Mapping	What are the most important product lines, and who are the main suppliers? Have there been any significant changes in key suppliers in the last 12 months?
	What proportion of goods and materials comes from second-tier suppliers or agents? Do you know who these second-tier suppliers are?
	Do you have the same policies and same level of due diligence undertaken for tier one and two suppliers? If no, what is the difference?
	Please detail the company's material traceability & sourcing processes.
	Has your supply chain been mapped and how are risks related to suppliers be evaluated?
	How many tiers of suppliers does this process cover?
Communication	Does your supplier pre-qualification / bidding process include E&S and considerations with respect to child and forced labor?
	How do you communicate to primary suppliers your requirements on child and forced labor, and health and safety?
Monitoring and Due Diligence	Do you place any contractual obligations on suppliers to cascade these requirements down the supply chain, and if so, how?
	How do you go about assessing suppliers' processes and policies for avoiding child and forced labor? Do you look at any suppliers' age records, or recruitment processes? Do you look at third party workers or workers contracted via an employment agency as well? At what point in the process of supplier engagement is this assessment undertaken?

	Who is responsible for undertaking the assessment process (e.g., own resources, auditors etc.) and what training and qualification do they have on these issues?
	How and at what frequency do you monitor supplier's performance against your requirements on child and forced labor and health and safety?
	Who is responsible for undertaking the monitoring process (e.g., auditors)? What training and qualification do they have on these issues?
	How is information compiled and recorded e.g., paper records, database, shared platform?
	Has the due diligence or monitoring process uncovered any risks of child labor or forced labor in particular countries or products?
	How did you address issues of non-compliance with corporate E&S policies, child labor and forced labor that was uncovered during the audit? Have you ever changed suppliers because of repeated non-compliances?
	Do you collaborate with government labor inspections with regard to suppliers?
	Do you collaborate with any other retailers in terms of sharing information about risks or addressing labor standards challenges in your supply chain?
	Do you require your suppliers to undertake monitoring of their supply chain and if so, through which mechanism?
	How are the results of such monitoring reported to you?
	Do you carry out any verification of such activities and if so, how?
	Do any suppliers retain identification documents for their workers? Do suppliers use recruitment agencies and charge recruit fees to recruit non-national workers?
	Documentation for Review
	Please provide client policy / Code of Conduct on child / forced labor and health and safety for suppliers
	Please provide standard supplier contract for clauses addressing child / forced labor and health and safety
	Please provide any database or supplier records that might include level of risk or results of monitoring

Solar Power Specific Supply Chain Management

Please provide specific information on the primary and secondary supply chain extending to raw material supply for the project for ADB to understand and mitigate potential risk with regard to forced labor.

Initial Questions:

1. Please describe the procurement approach for the solar panels for this Project e.g., direct, open procurement; single source, use of long-term frameworks to directly select the supplier etc? Please specify a contractual arrangement for procurement and maintenance of solar modules (i.e., direct or via EPC and O&M contractor etc.)?
2. Please confirm if a solar module supplier is yet to be selected or has already been selected?

