



# Second-Party Opinion

## SAEL Green Bond Framework

### Evaluation Summary

Sustainalytics is of the opinion that the SAEL Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds – Renewable Energy – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category are expected to contribute to increasing the share of renewable energy in India and help advance the UN Sustainable Development Goals, specifically SDG 7.



**PROJECT EVALUATION / SELECTION** SAEL Limited’s Project Monitoring Committee (PMC), which is comprised of its Chief Operating Officer, Chief Financial Officer, Operations & Maintenance Head and Debt Head will be responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. The PMC will identify and manage potentially material environmental and social risks in relation to all allocation decisions made under the Framework. Sustainalytics considers this risk management system to be adequate and the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** SAEL Limited’ accounting and finance department will be responsible for the management and allocation of proceeds to eligible green projects. The accounting and finance department will track the proceeds using an internal project register and intends to allocate all proceeds within 36 months of issuance. Pending allocation, unallocated proceeds may be temporarily invested in cash, cash equivalents, and held in accordance with the internal liquidity policy. Sustainalytics considers this process to be line with market practice.



**REPORTING** SAEL Limited intends to report on allocation and impact of proceeds through a Green Bond Report on its website on an annual basis until full allocation. Allocation reporting will include the total amount allocated to eligible projects, list of eligible projects, the amount of unallocated proceeds, as well as the share of financing versus refinancing. In addition, SAEL is committed to reporting on relevant impact metrics. Sustainalytics views SAEL’s allocation and impact reporting as aligned with market practice.

**Evaluation Date** December 30, 2021

**Issuer Location** New Delhi, India

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## Introduction

Established in 1971, SAEL Limited (“SAEL” or the “Company”) is an integrated renewable energy company. The Company operates across India in the fields of procurement, processing, refining, warehousing and distribution of rice, rice by-products, solvent extraction and renewable energy solutions. SAEL is headquartered in New Delhi and employs more than 1,500 people.

SAEL has developed the SAEL Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and refinance, in whole or in part, existing or future projects expected to contribute to increasing the share of renewable energy in India. The Framework defines eligibility criteria in one green area:

### 1. Renewable Energy

SAEL engaged Sustainalytics to review the SAEL Green Bond Framework, dated December 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>1</sup> The Framework has been published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of SAEL’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. SAEL representatives have confirmed (1) they understand it is the sole responsibility of SAEL to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and SAEL.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for a period of 24 (twenty-four) months from the evaluation date stated herein.

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> The SAEL Green Bond Framework is available on SAEL’s website at: <https://www.sael.co/>.

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that SAEL has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the SAEL Green Bond Framework

Sustainalytics is of the opinion that the SAEL Green Bond Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of SAEL's Green Bond Framework:

- Use of Proceeds:
  - The eligible category – Renewable Energy – is aligned with those recognized by the GBP.
  - SAEL has established a 36-month look-back period for refinancing debt for operational eligible projects and intends to fully allocate the proceeds within 36 months of issuance, which Sustainalytics considers to be in line with the market practice.
  - Under the Framework, SAEL may finance or refinance expenditures related to the acquisition, construction, maintenance, expansion and operation of renewable energy facilities, such as rooftop and ground mounted solar photovoltaic and biomass power plants using agricultural residues, mainly paddy straw, as feedstock.
  - SAEL also intends to finance expenditures towards the purchase, construction, installation and maintenance of equipment for biomass projects, such as turbines, boilers and inverters, other equipment such as modules, transformers and cable wires, civil work, and balance of system,<sup>4</sup> administrative expenses,<sup>5</sup> employee costs directly associated with eligible projects, and land acquisition. For solar projects, the expenditures may also include those related to purchase of equipment, such as solar modules, panels, inverters, transformers, conducting civil works, as well as land acquisition. Additionally, the Company will also be financing future operating expenses and working capital requirements of eligible biomass and solar projects.<sup>6</sup> Sustainalytics views the above expenditures in this category as aligned with market practice, and notes the following in relation to biomass projects:
    - SAEL has developed internal criteria for biomass collection which includes: i) sourcing of biomass from nearby locations on existing private land and ensuring minimum impact to existing natural habitats and biodiversity; ii) feedstock cannot be converted to biofuel for power generation; iii) fossil fuel cannot be used for co-firing in the biomass power plants; and iv) biomass will include only paddy straw and no exotic biomass. Sustainalytics considers these criteria to be aligned with market practice.
- Project Evaluation and Selection:
  - SAEL has established a Project Monitoring Committee (PMC) comprised of its Chief Operating Officer, Chief Financial Officer, Operations & Maintenance Head and Debt Head. The PMC will evaluate each project on various technical and environmental parameters, which include plant generation factor, technology, project economics, environmental viability, transmission parameters, land availability, among others.

<sup>4</sup>Apart from solar panels, the following balance of system is used in solar plants: (i) inverter; (ii) mounting structure; (iii) DC, LT, HT cables; (iv) LT, HT panels; (v) SCADA systems; (vi) weather monitoring systems (WMS); (viii) earthing strips, lightning arrestors and UPS or auxiliary transformers. Grid connectivity agreements with local distribution companies may also require a power evacuation 132/33 kV transmission line from solar plant to substation.

<sup>5</sup> SAEL has confirmed that administrative cost related to eligible renewable energy projects (solar and biomass) will be covered. Administrative cost to include travel, rent and other office expenses all related to eligible projects.

<sup>6</sup> Expenditures related to purchase of equipment and machinery, working capital cycle management, administrative expenses, employee costs, and purchase of biomass feedstock for biomass projects. Working capital will cover costs of biomass feedstock, as well as storage and logistics expenses related to operation of eligible biomass projects only.

- The PMC will identify and manage potentially material environmental and social risks to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market practice.
- Based on the establishment of the Project Monitoring Committee and risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - SAEL's accounting and finance department will be responsible for the management and allocation of proceeds. The accounting and finance department will track the allocation of proceeds to eligible green assets through an internal project register based on a portfolio approach. The internal project register will include details of principal amount of green bond proceeds, maturity date, interest rate, name and description of eligible projects and remaining balance of unallocated proceeds.
  - Pending allocation, unallocated proceeds may be temporarily invested in cash, cash equivalents, and held in accordance with the internal liquidity policy.
  - Based on the established tracking system and disclosure of temporary use of proceeds., Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - SAEL intends to report on allocation and impact of proceeds through a Green Bond Report on its website on an annual basis until full allocation. Allocation reporting will include the total amount allocated to eligible projects, list of eligible projects, the amount of unallocated proceeds, including share of financing versus refinancing.
  - Impact reporting will include relevant environmental impact metrics where available, such as an annual biomass energy generation capacity, annual renewable energy generation capacity from solar power plants, total annual renewable energy generation capacity, amount reduction in greenhouse gases emissions attributable to the production and usage of renewable energy.
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

#### **Alignment with Green Bond Principles 2021**

Sustainalytics has determined that the SAEL Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of SAEL**

### **Contribution of the Framework to SAEL's sustainability strategy**

Sustainalytics is of the opinion that SAEL demonstrates efforts to sustainability with a focus on growing its renewable energy portfolio.

SAEL is an integrated renewable energy company focused on the development, construction, operation and maintenance of solar and biomass plants. The Company is expanding its biomass and solar portfolio by setting up large-scale solar and biomass power plants across India, including using paddy straw for energy production in its biomass-based power plants.

The total installed and under-construction capacity of SAEL's portfolio is 527.64 megawatts peak, which includes ground mounted, rooftop solar photovoltaic and paddy straw-based biomass projects. The Company has set a goal to generate 5 GW of clean energy by 2027.

SAEL has not released a publicly accessible sustainability strategy or targets. While Sustainalytics recognizes the renewable energy-focused efforts of SAEL, Sustainalytics encourages SAEL to establish a sustainability strategy and communicate timebound quantitative targets for future sustainable financing. Sustainalytics is of the opinion that the SAEL Framework is aligned with the Company's overall sustainability initiatives and will further the Company's action on its key environmental priorities

### **Well positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and

safety, land use and biodiversity issues associated with large-scale renewable energy project development, community relations issues, and waste generated in construction.

Sustainalytics is of the opinion that SAEL is able to manage or mitigate potential risks partially through the implementation of its Environment, Health and Safety Policy<sup>7</sup>, which includes:

- SAEL's environmental policy applies to all of its business activities and ensures compliance with relevant legislative and regulatory environmental requirements, ensuring continuance of operations and addressing possible adverse environmental impacts. The company's objective is to improve its environmental performance by setting objectives and targets to prevent pollution and waste and minimize use of natural resources.
- SAEL's incorporates health and safety criteria into business decisions, working with its major suppliers, contractors and customers to improve their own health and safety practices. When operating or visiting SAEL's facilities, all of its employees, suppliers and contractors must follow plant safety rules, procedures, systems and safe practices. The company's health and safety department conduct audits and mock drills to ensure that its operations are following H&S standards and meeting emergency preparedness requirements.

Based on these policies, Sustainalytics is of the opinion that SAEL is able to manage high-level risks associated with the projects partially, however, it does not adequately address all possible project-level environmental and social risks possibly associated with the eligible projects. Sustainalytics encourages SAEL to further establish publicly available risk management policies.

### Section 3: Impact of Use of Proceeds

The use of proceeds category – Renewable Energy – is aligned with those recognized by the GBP. Sustainalytics focuses below on where its impact is specifically relevant in the local context.

#### Role of renewable energy in reducing GHG emissions in India

India's energy sector accounted for close to three-quarters of the country's GHG emissions in 2019.<sup>8</sup> Despite consistent and measurable progress on its energy transition over the past six years<sup>9</sup>, India's energy supply remained primarily reliant on coal, which made up 44% of total primary energy demand in 2020.<sup>10</sup> With energy demand projected to double by 2040<sup>11</sup>, increasing the share of renewables in India's energy mix is expected to play a fundamental role in achieving its recently announced climate neutrality target by 2070.<sup>12</sup> At the 2021 COP26 summit in Glasgow, India revealed a set of ambitious interim 2030 climate targets to facilitate the path to climate neutrality, which go beyond India's original Nationally Determined Contribution (NDC). These targets include: (a) installing 500 GW of non-fossil-based electricity capacity; (b) sourcing 50% of electrical energy demand from renewable sources; and (c) a 45% carbon intensity reduction by 2030.<sup>13</sup>

In 2019, the share of renewables in India's energy mix was 23%<sup>14</sup>, highlighting the considerable scope for India to accelerate growth in renewables. In this context, solar power is expected to lead the clean energy transition under India's National Solar Mission, which aims to create an enabling environment for rapid solar power penetration to meet India's NDC.<sup>15</sup> As of June 2021, India's installed solar capacity was approximately 46 GW and is expected to grow to 82 GW by 2024.<sup>16</sup>

<sup>7</sup> SAEL, "Environment, Health and Safety Policy", at: [https://20ef9d6c-7a35-4d41-b228-21d821a08f59.filesusr.com/ugd/d81f52\\_712d1c3e000240208fa2114588c375e6.pdf](https://20ef9d6c-7a35-4d41-b228-21d821a08f59.filesusr.com/ugd/d81f52_712d1c3e000240208fa2114588c375e6.pdf)

<sup>8</sup> Paris Reality Check: PRIMAP-hist, "HISTCR – India – Kyoto Greenhouse Gases (AR4)", at: <https://www.pik-potsdam.de/paris-reality-check/primap-hist/#scenario=histcr&id=ind&entity=kyotoghgar4>

<sup>9</sup> World Economic Forum, "Fostering Effective Energy Transition 2020 edition", at: [https://www3.weforum.org/docs/WEF\\_Fostering\\_Effective\\_Energy\\_Transition\\_2020\\_Edition.pdf](https://www3.weforum.org/docs/WEF_Fostering_Effective_Energy_Transition_2020_Edition.pdf)

<sup>10</sup> IEA, "India Energy Outlook 2021", at: <https://www.iea.org/reports/india-energy-outlook-2021>

<sup>11</sup> IEA, "India 2020 Energy Policy Review", at: [https://iea.blob.core.windows.net/assets/2571ae38-c895-430e-8b62-bc19019c6807/India\\_2020\\_Energy\\_Policy\\_Review.pdf](https://iea.blob.core.windows.net/assets/2571ae38-c895-430e-8b62-bc19019c6807/India_2020_Energy_Policy_Review.pdf)

<sup>12</sup> World Resources Institute, "COP26: Unpacking India's Major New Climate Targets" (2021), at: <https://www.wri-india.org/blog/cop26-unpacking-india%E2%80%99s-major-new-climate-targets>

<sup>13</sup> Ibid.

<sup>14</sup> IEA, "Total energy supply (TES) by source – India", at: <https://www.iea.org/data-and-statistics/data-browser?country=INDIA&fuel=Energy%20supply&indicator=TESbySource>

<sup>15</sup> Ministry of New and Renewable Energy, "Solar Energy – Overview", at: <https://mnre.gov.in/solar/current-status/>

<sup>16</sup> Bridge To India, "India Renewables Outlook 2024", at: [https://bridgetoindia.com/backend/wp-content/uploads/2020/02/RE-Outlook-Report-2020\\_Executive-Summary.pdf](https://bridgetoindia.com/backend/wp-content/uploads/2020/02/RE-Outlook-Report-2020_Executive-Summary.pdf)

Regarding biomass, India's estimated annual supply of biomass is 750 Mt, according to a 2021 study of the Indian Ministry of New and Renewable Energy.<sup>17</sup> According to the same study, India generates on average 230 Mt of surplus and unprocessed biomass, including agricultural residues, per year. This biomass availability combined is reportedly sufficient to generate a potential 28 GW of renewable energy.<sup>18</sup> Aside from its renewable energy potential, the controlled and complete burning of biomass also contributes positively to reducing air pollution in India. According to the International Food Policy Research Institute, informal agricultural crop residue burning (CRB) causes significant air pollution, mostly due to particulate matter emissions e.<sup>19</sup> Air pollution from CRB has been found to be a leading risk factor for acute respiratory infection, particularly in the northern states, also leading to estimated economic losses of more than USD 1.5 billion over five years.<sup>20</sup> With nearly 1.2 million premature deaths attributable to ambient and household air pollution in India in 2019<sup>21</sup>, financing biomass power plants that promote the clean and controlled burning of CRB, will help to reduce air pollution and associated respiratory diseases.

In this context, Sustainalytics is of the opinion that SAEL's investments in renewable energy, primarily solar and biomass power, are expected to contribute positively towards the clean energy transition in India and support India in meeting its NDC.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds issued under the SAEL Green Bond Framework are expected to advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

#### Conclusion

SAEL has developed the SAEL Green Bond Framework under which it may issue green bonds and use the proceeds to finance renewable energy projects, mainly solar and biomass power. Sustainalytics considers that the projects eventually funded by the green bond proceeds are expected to contribute to increasing the share of renewable energy in India.

The SAEL Green Bond Framework outlines a process for tracking, allocating and managing proceeds, and makes commitments for SAEL to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the SAEL Green Bond Framework is aligned with the overall sustainability initiatives of the Company and that the green use of proceeds category is expected to contribute to advancing the UN Sustainable Development Goal 7. Sustainalytics acknowledges SAEL's efforts to mitigate some high-level risks associated with the eligible projects partially, however, Sustainalytics encourages the Company to develop and disclose formal environmental and social risk mitigation measures.

Based on the above, Sustainalytics is confident that SAEL is well positioned to issue green bonds and that the SAEL Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

<sup>17</sup> Ministry of New and Renewable Energy, "Bioenergy - Overview", at: <https://mnre.gov.in/solar/current-status/>

<sup>18</sup> *Ibid.*

<sup>19</sup> Chakrabarti, et al. (2019), "Risk of acute respiratory infection from crop burning in India: estimating disease burden and economic welfare from satellite and national health survey data for 250 000 persons", International Journal of Epidemiology, at: <https://academic.oup.com/ije/article/48/4/1113/5366950>

<sup>20</sup> *Ibid.*

<sup>21</sup> IEA, "Air Quality and Climate Policy Integration in India" (2021), at: <https://iea.blob.core.windows.net/assets/9e2a9f4d-2911-429f-b5e9-27e4889cb598/AirQualityandClimatePolicyIntegrationinIndia-Frameworkstodeliverco-benefits.pdf>

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

Issuer name:	SAEL Limited
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	SAEL Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 27, 2021
Publication date of review publication:	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

#### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

## 1. USE OF PROCEEDS

The eligible category for the use of proceeds – Renewable Energy is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category are expected to contribute to increasing the share of renewable energy in India and help advance the UN Sustainable Development Goals, specifically SDG 7.

### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy  | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

If applicable please specify the environmental taxonomy, if other than GBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

SAEL's Project Monitoring Committee (PMC), which is comprised of its Chief Operating Officer, Chief Financial Officer, Operations & Maintenance Head and Debt Head will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The PMC will identify and manage potentially material environmental and social risks in relation to all allocation decisions made under the Framework. Sustainalytics considers this risk management system to be adequate and the project selection process to be in line with market practice.

### Evaluation and selection

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories    |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                  | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

**Information on Responsibilities and Accountability**

- Evaluation / Selection criteria subject to external advice or verification
  In-house assessment
- Other (please specify):

**3. MANAGEMENT OF PROCEEDS**

SAEL's accounting and finance department will be responsible for the management and allocation of proceeds to eligible green projects. The accounting and finance department will track the proceeds using an internal project register and intends to allocate all proceeds within 36 months of issuance. Pending allocation, unallocated proceeds may be temporarily invested in cash, cash equivalents, and held in accordance with the internal liquidity policy. Sustainalytics considers this process to be line with market practice.

**Tracking of proceeds:**

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

**Additional disclosure:**

- Allocations to future investments only
  Allocations to both existing and future investments
- Allocation to individual disbursements
  Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
  Other (*please specify*):

**4. REPORTING**

SAEL intends to report on allocation and impact of proceeds through a Green Bond Report on its website on an annual basis until full allocation. Allocation reporting will include the total amount allocated to eligible projects, list of eligible projects, the amount of unallocated proceeds, as well as the share of financing versus refinancing. In addition, SAEL is committed to reporting on relevant impact metrics. Sustainalytics views SAEL's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (*please specify*):

**Information reported:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts   | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): <i>share of financing versus refinancing</i> |  |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported (expected or ex-post):**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use              | <input type="checkbox"/> Other ESG indicators (please specify): Amount of annual biomass energy generation capacity (MW), Amount of annual renewable energy capacity from solar power plants (MW), Total annual renewable energy generation capacity (MW) |

**Frequency**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

**Means of Disclosure**

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report     |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): Company website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |   |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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