



KPMG (Registered)
Building No.10, 4th Floor, Tower-C
DLF Cyber City, Phase - II
Gurugram - 122 002 (India)

Telephone: + 91 124 336 9000
Fax: + 91 124 336 9001
Internet: www.kpmg.com/in

Independent Assurance Statement

To the management of Clean Renewable Power (Mauritius) Pte. Limited, Minerva Fiduciary Services (Mauritius) Limited, Suite 2004, Level 2, Alexander House, 35 Cybercity, Ebene, Mauritius

Introduction

We were engaged by Clean Renewable Power (Mauritius) Pte. Limited ('Issuer') to provide independent assurance on their bond proposed to be issued as per the accompanying Hero Future Energies Group Green Bond Framework (Framework). Our responsibility was to provide "limited assurance" on its conformance with the pre-issuance requirements of the Climate Bonds Standard Version 2.1.

Assurance Standards

We conducted our engagement in accordance with requirements of 'Limited Assurance' as per International Federation of Accountants' (IFAC) International Standard on Assurance Engagements [ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information].

Assurance scope and level of assurance

Our scope of assurance included information on material aspects of the proposed green bond based on the requirements set out in the pre-issuance requirements section of the Climate Bonds Standard Version 2.1 as listed below:

- Selection of Nominated Projects & Assets
- Internal Processes & Controls
- Reporting Prior to Issuance

Specific limitations and exclusions

Our assurance process was subject to the following limitations as we have not been engaged to:

- Determine which, if any, recommendations should be implemented
- Provide assurance on information outside the defined reporting boundary and period
- Verify the Issuer's financial statements & economic performance
- Verify the Issuer's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention and national or global socio-economic and environmental aspects provided by the Issuer

Work undertaken

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary to obtain a meaningful level of assurance in relation to the above scope. The procedures we performed, which are set out in more detail below, were based on our professional judgment and included, as appropriate, inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies and agreement or reconciliation with underlying records. We believe that the procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

To reach our conclusion we:



- Conducted interviews with management and key staff responsible for the green bond to obtain an understanding of the processes, systems and controls in place for management of bond proceeds;
- Checked documentation which supports objectives of the Issuer and their Special Purpose Vehicles that will utilize the bond proceeds;
- Checked the Issuer's Green Bond Framework that includes processes, systems and controls in place for management of bond proceeds; investment areas for green bond proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- Checked the list of nominated projects which are proposed to be associated with the green bond and their conformance with eligibility requirements specified in Part B of the Climate Bonds Standard; and
- Compared the total volume of bond proceeds with the fair market value of nominated projects proposed to be funded through bond proceeds.

Conclusions

The following conclusion is based on the work performed and evidence obtained and the scope of our assurance engagement described above.

Nothing has come to our attention to suggest that the bond proposed to be issued as per the Framework, is not, in all material respects, conforming to the pre-issuance requirements of the Climate Bonds Standard Version 2.1.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. We apply ISQC 1 and comply with the applicable independence and other ethical requirements of the IESBA code.

Management's responsibility

The Management of the Issuer is responsible for ensuring that the Issuer and their green bond complies with the requirements of the Climate Bonds Standard. This responsibility includes designing, implementing and maintaining systems and processes relevant for the management of green bond proceeds.

The Management of the Issuer is also responsible for preventing and detecting fraud and for identifying and ensuring that Issuer complies with laws and regulations applicable to its activities.

Our responsibility

Our responsibility is to report in the form of an independent limited assurance conclusion in relation to the above scope based on the procedures performed and the evidence obtained. We conducted our engagement with a multidisciplinary team which included professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard.



This assurance report is made solely to Issuer in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to Issuer those matters we have been engaged to state in this assurance report and for no other purpose. Our assurance report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Issuer for any purpose or in any context. Any party other than Issuer who obtains access to our assurance report or a copy thereof and chooses to rely on our assurance report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Issuer for our work, for this independent limited assurance report, or for the conclusions we have reached.

A handwritten signature in black ink, appearing to read 'Manpreet Singh', written in a cursive style.

Manpreet Singh

Director

KPMG India

20 April 2018

THE INFORMATION CONTAINED HEREIN IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR SECURITIES.

Hero Future Energies Group Green Bond Framework

Established in 2012, Hero Future Energies Group (“HFE”) is a power generation company in renewable energy and as well as one of the leading Independent Power Producers in India. HFE is the green energy arm of the Hero Group, the largest two-wheeler manufacturer in the world.

(HFE) is committed to drive development by leading a change in generating energy using renewable resources like wind, sun, hydro and providing sustainable, cost effective, clean power, thereby reducing carbon emissions leading to a greener planet for our future generations. This Framework is applicable to HFE, its associates and all its subsidiaries/SPVs (hereafter referred to as “Company”). In this process, the Company shall strive to:

- Contribute towards clean and sustainable environment with respect to Land, Water and Air.
- Conserve resources by reduction, reuse and recycling.
- Initiate and support measures to optimize usage of renewable energy, increase energy efficiency and reduce GHG emissions.
- Support measures for biodiversity conservation by following the practices of protecting, conserving and restoring ecosystems.
- Be transparent, ethical and fair to all stakeholders.
- Be supportive in developing and enhancing people’s standard of living in and around the plants.
- Generate awareness, share knowledge and support training programs on sustainable development among the employees, neighboring communities and public at large.

Framework Overview

For the purpose of issuing Green Bond(s), HFE has developed the following framework which addresses the four key pillars of the Green Bond Principles, 2017 (“**2017 GBP**”)¹:

1. Use of proceeds;
2. Process for project evaluation and selection;
3. Management of proceeds; and
4. Reporting.

For each Green Bond issued, HFE asserts that it will adopt (1) Use of Proceeds (2) Project Evaluation and Selection (3) Management of Proceeds and (4) Reporting, as set out in this Framework. Any HFE subsidiary can issue Green Bonds under this Framework.

The Green Bond Framework is established in accordance with the Climate Bonds Standard version 2.1. This framework also adheres to the Green Bond Principles, 2017 for which the International Capital Markets Association (ICMA) serves as Secretariat.²

¹ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

² <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

1. Use of Proceeds

The net proceeds of the Green Bond(s) will be used to fund or refinance, in whole or in part, new or existing eligible green projects that meet one or more of the following categories of eligibility as recognised in the 2017 GBP (“**Eligible Green Projects**”):

| Project Category | Eligible Green Assets and Projects for HFE | Sample Projects |
|------------------|--|---|
| Renewable Energy | <ul style="list-style-type: none">• Development, deployment, and generation of energy from renewable sources including the below and the ancillary infrastructure including but not limited to development of land, transmission lines and sub-stations for each projects:<ul style="list-style-type: none">- Wind power plants- Solar PV (grid-connected)- Rooftop solar- Wind-solar hybrid- Energy storage | <ul style="list-style-type: none">• Construction and development of 75.6 MW wind power project in Maharashtra, India• Construction and development of a 300 MW solar power project in Rajasthan, India |

2. Process for Project Evaluation and Selection

The Eligible Green Projects are identified and selected via ‘Investment Note’ which is prepared, prior to investment in a renewable project, based upon project appraisals carried out by investment committee. The investment proposals are reviewed by the Investment Committee as per the investment policy of the group which is approved by the Board of Directors and/or amended from time to time.

While preparing the Investment Note, HFE’s Investments Team, which consists of senior company executives, will make an assessment of potentially eligible projects on the basis of above framework (see “1. Use of Proceeds”) to determine if the proceeds of the green bond issuance can be deployed to any of those projects. If these criteria are met, the Investments Team will recommend the utilization of proceeds from the bond issuance to respective eligible Green Projects for approval by the Investment Committee and Company Board.

In respect of subsequent issuance of green bonds or changes to the initial list of projects, the aforementioned assessment and approval process will be carried out by the company.

3. Management of Proceeds

The company will establish internal tracking systems to monitor and account for the allocation of the proceeds. Unallocated proceeds shall be held in temporary investment instruments that are cash, corporate liquid term deposits/ term deposit with commercial banks, units of debt mutual funds or government securities permitted as per the company’s investment policy and applicable guidelines of Reserve Bank of India.

The company shall not nominate any existing Eligible Green Projects to other Climate Bonds unless:

- 1.) it is demonstrated that distinct portions of these projects are currently not yet funded by any existing Certified Climate Bonds issued by HFE or its associates/subsidiaries/SPVs; or
- 2.) the existing Certified Climate Bond (that finances this project) is being refinanced via another Certified Climate Bond.

4. Reporting

On an annual basis, until the Green Bonds are outstanding, HFE or its associates/subsidiaries/SPVs will provide to its Debenture Trustee the following:

1. the use of proceeds (project type, capacity and location) for each green bond issued
2. the current allocated and outstanding amounts and contractual maturity dates, and
3. management confirmation that the use of proceeds of the Green Global Bonds is in alignment with HFE's Green Bond Framework

Post issuance, one of the reputed third party auditors will provide assurance that the nominated projects are in alignment with the Green Bond Framework for the Green Bond issue.

Impact Reporting

In addition, where feasible, HFE may provide qualitative and where possible, quantitative indicators for environmental performance like renewable energy generation, reduction of greenhouse gases etc. of the Eligible Green Projects funded.

Assurance

The Green Bond Framework will be reviewed by a reputed third party auditor and certified by Climate Bonds Initiative. This will be published on HFE's website. The Company will also get post issuance certification from the Climate Bonds Initiative to assure the use of proceeds allocation, ongoing eligibility of the projects and assets, adequacy and output of the Issuer's internal control and systems and use of funds not yet allocated are as per the framework established. Post issuance Certification will be completed within one year after issuance of bond.