

# **NTPC Limited** **Green Bond Framework**

## **Introduction:**

NTPC is committed to generate and provide reliable power at competitive prices in sustainable manner by optimizing the use of multiple energy resources with innovative eco-friendly technologies thereby contributing to the economic development of the nation, social upliftment of the society and promoting a healthy environment.

In this process, NTPC Limited shall strive to:

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

The Company has a Board Committee titled "Corporate Social Responsibility and Sustainability Committee" comprising three whole time directors, an independent director and a Government nominee director which formulates and recommends to the Board CSR policy (including Sustainable Development) from time to time.

## **Framework Overview:**

This Green Bond Framework (Framework) sets out how the Company proposes to use the proceeds of Green Bonds for the construction of Eligible Green Projects in a manner consistent with the company's sustainable values and provide the transparency and disclosures investors need to make investment decisions.

The Green Bond Framework is established in accordance with the Climate Bonds Standard version 2.0.

This framework also adheres to the Green Bond Principles, 2016 issued by the International Capital Markets Association (ICMA).

## **Use of proceeds:**

The proceeds from the issuance of Green Bonds by NTPC will be applied to finance investments in following renewable energy (RE) projects ("Eligible Green Projects"):

- Solar projects or assets in one or more of the following activities:
  - Solar electricity generation facilities where a minimum of 85% of electricity generated from the facility is derived from solar energy resources
  - Wholly dedicated transmission infrastructure for solar electricity generation facilities.
- Wind projects or assets in one or more of the following activities:

- The development, construction and operation of wind farms
- Wholly dedicated transmission infrastructure for wind farms

### **Selection and Evaluation of Eligible Green Projects:**

Feasibility Report is prepared prior to investment in a renewable project and the project is also appraised by an independent agency. Investment proposals are reviewed by the Project Sub-Committee of the Board and approvals are accorded by the Board of Directors based on the recommendations of the Project Sub-Committee.

Corporate Budget group will make an assessment of potentially eligible projects on the basis of above framework (see "Use of Proceeds") to determine if the proceeds of the green bond issuance can be deployed in any of those projects. If the criteria are met, Corporate Budget would recommend the utilization of proceeds from the bond issuance to respective Eligible Green Projects for approval by the Director (Finance).

Corporate Budget group would also check if any previous green bond proceeds have been allocated to the project and ensure that there is no double counting of expenditure for the use of proceeds in future green bond issuances.

Post issuance, KPMG will provide assurance that the nominated projects are in alignment with the Green Bond Framework for the inaugural Green Bond issue.

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

### **Management of Proceeds:**

NTPC will maintain one or more separate bank account(s) for the proceeds received from the issue of Green Bonds. The company will allocate an amount equal to the net proceeds from the issue of Green Bonds for the financing of Eligible Green Projects. 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 deposits 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.

### **Reporting:**

So long as NTPC has Green Bonds outstanding, the Company will annually report on its website (i) the use of proceeds (project type, capacity and location) for each green bond issued (ii) the current allocated and outstanding amounts and contractual maturity dates (iii) reduction in Green House Gases achieved and (iv) management confirmation that the use of proceeds of the Green Global Bonds is in alignment with the NTPC Green Bond Framework.

Wherever possible, NTPC will also report the other environmental impact of the investments.

### **Assurance:**

NTPC's Green Bond Framework will be reviewed by KPMG and certified by Climate Bonds Initiative for the inaugural Green Bond issue. This will be published on the NTPC website.

NTPC 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 and published on NTPC website.