



KPMG Assurance and Consulting Services LLP
Building No. 10, 8th Floor, Tower- C
DLF Cyber City, Phase - II
Gurugram - 122 002 (India)

Telephone: +91 124 307 4000
Fax: +91 124 254 9101
Internet: www.kpmg.com/in
Email: indiawebsite@kpmg.com

Independent Assurance Statement

To the management of:

Power Finance Corporation Ltd, Urja Nidhi, 1 Barakhamba Lane, Connaught Place, New Delhi-110001

Introduction

Power Finance Corporation Limited ("Issuer") is proposing to issue green bonds and has appointed KPMG Assurance and Consulting Services LLP ("KPMG") to provide independent assurance. This report presents our opinion on conformance of their proposed green bonds with the pre-issuance requirements of the Climate Bonds Standard Version 3.0.

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 bonds based on the requirements set out in the Pre-Issuance Requirements section of the Climate Bonds Standard Version 3.0 as listed below:

- Use of Proceeds
- Proceeds for Evaluation and Selection of Projects and Assets
- Management of Proceeds
- 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 of the company responsible for the green bonds to obtain an understanding of the processes, systems and controls in place for management of proceeds;
- Checked the Issuer's Green Bond Framework that includes investment areas for green projects; processes, systems and controls in place for management of proceeds; intended types of temporary investment instruments for the management of unallocated proceeds; and reporting on allocation and impact;
- Checked the list of nominated projects which are proposed to be associated with the green bonds and their conformance with eligibility requirements specified in Part C of the Climate Bonds Standard Version 3.0; and
- Checked the loan sanction statements of select nominated projects which are proposed to be associated with the green bonds.

Conclusions

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

Nothing has come to our attention to suggest that the Issuer and their proposed green bonds, are not, in all material respects, conforming to the Pre-Issuance requirements of the Climate Bonds Standard Version 3.0 and the Solar and Wind Criteria.

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 the practitioner complies 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 bonds comply with the requirements of the Climate Bonds Standard Version 3.0. This responsibility includes designing, implementing and maintaining systems and processes relevant for the management of proceeds of green bonds.

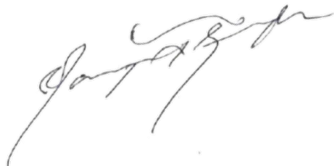
The Management of the Issuer is also responsible for preventing and detecting fraud and for identifying and ensuring that Issuer complies with laws and regulations applicable to its activities.

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 the 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 the 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 the Issuer or the Climate Bonds Initiative (CBI) in the context of awarding the Certification mark for any purpose or in any other context. Any party other than Issuer or CBI 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 or CBI for our work, for this independent limited assurance report, or for the conclusions we have reached.



Manpreet Singh

Partner

KPMG Assurance and Consulting Services LLP

18 August 2021