

Second-Party Opinion

Adani Transmission Ltd. Green Loan Framework



Evaluation Summary

Sustainalytics is of the opinion that the Adani Transmission Ltd. Green Loan Framework is credible and impactful and aligns to the four core components of the Green Loan 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 Loan Principles. Sustainalytics considers that investments in the eligible category is expected to support the transmission of clean energy across the Indian states of Gujarat and Maharashtra and advance the UN Sustainable Development Goals, specifically SDG 7 and 9.



PROJECT EVALUATION / SELECTION The project evaluation and selection process is carried by Adani Transmission Ltd's Board of Directors who are also responsible for the Company's business strategy, financial activities and sustainability goals. The eligible projects are selected based on the Company's ESG strategic pillars and according to the Framework's eligibility criteria. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The net loan proceeds will be monitored and tracked by the relevant Finance and Accounting Team, overseen by the company's Chief Financial Officer. The proceeds will be tracked using a dedicated proceeds account. Additionally, the funds' utilization by each project will be reviewed by the Lender's Technical Advisor. Pending full allocation, unallocated proceeds will be held in dedicated project cash account of Project Special Purpose Vehicles (SPV) or in cash or cash-equivalent instruments. This is in line with market practice.



REPORTING Adani Transmission Ltd. intends to report on the allocation of proceeds to the lenders of eligible projects on a monthly basis. Allocation reporting will provide relevant transaction information such as the construction progress, the total amount of funds that are drawn and the expenses to which they are being deployed. In addition, Adani Transmission Ltd. is committed to reporting on relevant impact metrics annually. Sustainalytics views the Company's allocation and impact reporting as aligned with market practice.

Evaluation Date	July 09, 2021
Issuer Location	Ahmedabad, India

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Introduction

Adani Transmission Ltd. (“ATL”, or the “Company”) is a private transmission company based out of Ahmedabad, India. It provides services related to power transmission and distribution within India. As of March 2021, ATL has approximately 11,922 employees.

ATL has developed the Adani Transmission Ltd. Green Loan Framework (the “Framework”) under which it intends to utilize green Loan and use the proceeds to finance, in whole or in part, existing projects that are expected to support the transmission of clean energy across the Indian states of Gujarat and Maharashtra. In each green loan transaction, a Special Purpose Vehicle (SPV) will be designated to perform as a borrower. The Framework defines eligibility criteria in one area:

1. Renewable Energy

ATL engaged Sustainalytics to review the Adani Transmission Ltd. Green Loan Framework, dated July 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Loan Principles 2021 (GLP).¹ This Framework has been published in a separate document.²

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ 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 Loan Principles 2021, as administered by LMA;
- 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 1.9.1, 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 ATL’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. ATL representatives have confirmed (1) they understand it is the sole responsibility of ATL 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 ATL.

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 Loan 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.

¹ The Green Loan Principles are administered by the Loan Market Association and are available at: <https://www.lsta.org/content/green-loan-principles/>

² The Adani Transmission Ltd. Green Loan Framework is available on Adani Transmission Ltd.’s website at: <https://www.adanitransmission.com/Updates-and-Disclosures>

³ 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.

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In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the Loan 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 ATL has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Adani Transmission Ltd. Green Loan Framework

Sustainalytics is of the opinion that the Adani Transmission Ltd. Green Loan Framework is credible and impactful and aligns to the four core components of the GLP. Sustainalytics highlights the following elements of ATL's Green Loan Framework:

- Use of Proceeds:
 - The eligible category, Renewable Energy, is aligned with those recognized by the GLP. Eligible projects can be expected to support the transmission of clean energy across the Indian states of Gujarat and Maharashtra.
 - Under the Renewable Energy category ATL, intends to invest in four strategic projects aimed at the modernization and upgrade of the transmission network across Gujarat and Maharashtra to increase the capacity of renewable energy supplied to the grid. The four projects are as follows:
 - Project 1 - Lakadia Banaskantha Transco Limited (LBTL)
 - Project 2 - Western Region Strengthening Scheme (WRSS)
 - Project 3 - Kharghar Vikhroli Transmission Private Limited (KVTP)
 - Project 4 - ATL HVDC HoldCo (HVDC)
 - As part of projects 1 and 2, ATL intends to invest in electrical grid development and maintenance of the transmission systems to prevent overloading in the grid caused by renewable energy injections. Both the projects are part of the Green Energy Corridor-II projects⁴ developed by the Ministry of Power, India, and are expected to transmit 100% renewable energy to the grid.
 - Within Project 3 and 4, ATL intends to invest in strengthening the Mumbai city transmission system and the grid's ability to integrate renewable energy, through modernization and upgrades, in line with the State Government's plan to encourage consumers to switch to clean energy sources (for more information please see Section 3). These projects are considered eligible at a value prorated to the installed renewable energy capacity ratio⁵ in the year of investment. Sustainalytics considers these grid-wide investments to be necessary to allow higher penetration of renewable energy and is of the opinion that the prorating approach described in the Framework is a robust mechanism to determine the value of the green asset.
- Project Evaluation and Selection:
 - ATL's Board of Directors (BOD) is responsible for the project evaluation and selection process, which takes into account the Company's ESG strategic pillars such as commitment towards global climate action, enabling social transformation, and responsible business practices. ATL's BODs are also responsible for the Company's business strategy, financial activities, and sustainability goals.

⁴ Ministry of Power, Government of India, "Transmission Works under Green Energy Corridor – II", at: <https://powermin.gov.in/en/content/transmission-works-under-green-energy-corridor-%E2%80%93-ii>

⁵ The renewable energy capacity ratio is defined as the amount of installed capacity of renewable energy facilities compared to the overall generating capacity on Maharashtra network. Sustainalytics views this ratio as a relevant metric in the context of ATL green loan, as a network operator must be able to ensure that renewable electricity from variable resources such as wind and solar can be integrated to the grid even when these facilities are operating at 100%.

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- Based on the involvement of ATL's BOD in the evaluation and selection of projects, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Under the supervision of the CFO, the relevant Finance and Account team of the specified project oversees the process for management of proceeds. The net proceeds are tracked and monitored using an internal system and through dedicated to designated project account. To ensure further transparency, a certificate from borrower confirming amount payable towards construction done, certificate from Lenders Technical Advisors (LTA) confirming borrowers request and a certificate from independent chartered accountant, certifying the loan utilization will be provided. Pending full allocation, unallocated proceeds will be held temporarily in dedicated cash accounts of Special Purpose Vehicles (SPV) or in temporary investment instruments that are cash or cash equivalents instruments.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - ATL is committed to providing its allocation report to the lenders of eligible project on a monthly basis. The report will include information on the project's construction progress and use of funds. The reports will be verified by LTA.
 - In addition, an impact report containing relevant quantitative and qualitative indicators will be provided on an annual basis once the projects begin commercial operation. The indicators may include availability of transmission lines, renewable energy capacity in Maharashtra, estimated energy savings and avoided GHG emissions based on total energy delivered and average percentage of transmission loss reduction from the HVDC project that intends to improve the grid's ability to integrate renewable energy.
 - Based on the commitment to monthly reporting, and the intention to disclose impact reporting where relevant, Sustainalytics considers this to be in line with market practice.

Alignment with Green Loan Principles 2021

Sustainalytics has determined that the Adani Transmission Ltd. Green Loan Framework aligns to the four core components of the GLP. For detailed information please refer to Appendix 1: Green Loan/Green Loan Programme External Review Form.

Section 2: Sustainability Strategy of ATL

Contribution of framework to Adani Transmission Ltd.'s sustainability strategy

Sustainalytics is of the opinion that ATL demonstrates its commitment to sustainability through its environmental strategy that is focused on three key areas: (i) build resilient infrastructure, (ii) achieve operational excellence, and (iii) protect ecological services.

ATL strategy to invest in assets through green energy corridors^{6,7} for a diversified energy mix in the system is aligned with the Indian Government's target of generating 175 GW of renewable energy by 2022. In its Integrated Report 2019-20, ATL has stated its plans and targets towards its sustainability journey, which includes evaluating and planning for climate change risks and providing efficient energy solutions for more than 3 million of Mumbai's customers.⁸ One of the key action areas identified by ATL, relevant to the framework, is maximizing renewable energy integration in the grid. The goals set out by the company, underpinning the above action area are (i) 30% renewable power procurement for the distribution business by FY2022-23 and 60% by FY 2026-27⁸, and (ii) 100% auxiliary consumption⁹ from renewable sources in the transmission business.¹⁰

⁶ Green Energy Corridor is a project developed by Government of India, aimed at synchronizing electricity produced from renewable sources, such as solar and wind, with conventional power stations in the grid.

⁷ Ministry of New and Renewable Energy, "Green Energy Corridor", (2021), at: <https://mnre.gov.in/green-energy-corridor/>

⁸ Targets have been communicated by ATL to Sustainalytics.

⁹ Auxiliary power is electric power that is provided by an alternate source and that serves as backup for the primary power source at the station main bus or prescribed sub-bus.

¹⁰ Adani Transmission Limited, Integrated Annual Report, at: - https://www.adanitransmission.com/-/media/Project/Transmission/Investor/documents/Annual-Report/ATL_Annual-Report_FY21.pdf

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For AEML, a subsidiary of ATL, in 2019-20, the share of renewable energy in power procured was 3%. A Power Purchase Agreement (PPA) with a hybrid (solar+ wind) plant of 700 MW capacity for renewable energy power procurement was signed by Adani Electricity Mumbai Limited (AEML), a subsidiary of ATL, which is expected to form 30% of AEML's gross energy demand by FY2022-23. In 2020-21, 13.77% of auxiliary power consumption at substation in the transmission business was from renewable sources.¹⁰ In 2020, the company submitted its first CDP report and became a signatory to the Task Force on Climate Related Financial Disclosure (TCFD),¹¹ further demonstrating its climate commitment. ATL became signatory to India Business Biodiversity Initiative (IBBI) focused on sustainability inclusion into businesses.¹⁰

Sustainalytics is of the opinion that the Adani Transmission Ltd. Green Loan Framework is aligned with the company's overall environment strategy and goals 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 net proceeds from the loan 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, community relations/stakeholder participation, land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents, and waste generated in construction.

Sustainalytics is of the opinion that ATL is able to manage and/or mitigate potential risks through implementation of the following:

- The Borrowers conducted an Environmental Social Impact Assessment for each of the Projects, which requires an implementation of an Environmental and Social Management Plan, following the Equator Principles (EP).¹² A third-party verification review and assessment on the implementation of the EP standards was undertaken on behalf of the financiers to ensure that adequate measures are in place to mitigate any environmental and social risks for the entire lifecycle of the Projects.
- To ensure high standards of occupational health and safety performance, ATL has implemented ISO 45001:2018 certified Safety Management System¹³ across its projects and its operations and management, to identify and manage hazards, risks, and emergencies. Policies and procedures such as (i) Safety Code of Conduct, and Organization Health and Safety Policy are adopted and established by ATL which governs the organisation's Health and Safety practices.¹⁰
- Some activities during the construction phase of the projects may generate direct impact on the environment, such as emissions and waste. To ensure environmental impact of ATL's projects are minimized, ISO 14001:2015¹⁴ certified Environmental Management System and monitoring mechanism for all operations has been established as a part of ATL's Integrated Management System.
- To protect human rights across its value chain, ATL has established Human Rights policy and Code of Conduct, which are based on the framework of the International Bill of Human Rights and the International Labour Organization's Declaration of Fundamental Principles and Rights at Work. Further, to ensure strict adherence and respect for human rights in its operations, Human Rights issues are also addressed in the Corporate Sustainability Framework and policies; the effective implementation of these policies is taken care by the CSR and Sustainability Committee of the Board.¹⁰
- ATL has established effective stakeholder engagement governance with direct Board oversight through its Stakeholder Relationship Committee. The committee of the Board reviews the stakeholder engagement activities of the organisation. The Chief Sustainability Officer of ATL has the executive level responsibility for establishing and maintaining the stakeholder engagement strategy and processes.¹⁰

¹¹ Task Force on Climate Related Financial Disclosure, "About", (2021), at: <https://www.fsb-tcf.org/about/>

¹² Equator Principles, at: <https://equator-principles.com/>

¹³ ISO, ISO 45001 Briefing Notes, at: https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/iso_45001_briefing_note.pdf

¹⁴ ISO, ISO 14001:2015(en) Environmental management systems – Requirements with guidance for use, at: <https://www.iso.org/obp/ui/#iso:std:iso:14001:ed-3:v1:en>

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that ATL has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible category.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GLP. Sustainalytics has focused below on the importance of renewable energy transmission in India's energy grid.

Importance of renewable energy transmission in India's energy grid

India has set a target of installing 175 GW¹⁵ of renewable power by 2022, as part of its Nationally Determined Contributions (NDCs) under the Paris Agreement.¹⁶ In 2019, the Government of India further enhanced the target to install 450 GW by 2030.¹⁷ India has made significant progress towards these targets, and as of May 31, 2021, the renewable energy capacity (including large hydro projects) stood at approximately 141 GW, while the country's total installed energy capacity was 383 GW.¹⁸ This accounts for a share of 37% renewable energy in the total installed energy capacity of India.

To facilitate the expansion of renewable energy, and grid modernisation, upgrades are necessary to overcome specific technical limitations arising from renewables, such as intermittency and grid fluctuations which compromise grid integrity and stability. The Government of India initiated a Green Energy Corridor (GEC) project⁷ to boost the grid's flexibility and synchronize electricity produced from renewable sources with conventional power stations in the grid. The first component of the scheme (GEC-I), the inter-state GEC with a target capacity of 3,200 circuit kilometre (ckm)¹⁹ transmission lines and 17,000 MVA capacity sub-stations, was completed in March 2020. The second component (GEC-II), intra-state GEC with a target capacity of 9,700 ckm transmission lines and 22,600 MVA capacity sub-stations is currently underway. It aims to connect six solar parks in Andhra Pradesh, Madhya Pradesh, Karnataka, Rajasthan, and Gujarat.¹⁶ ATL's projects planned under the framework are a part of the GEC scheme and will be crucial in connecting renewable projects to the power grid of India.

Furthermore, the renewable-rich states of Maharashtra and Gujarat, where ATL's projects are based, have their own state-level renewable energy policies and targets in place. The state of Gujarat has recently issued the Gujarat Solar Power Policy 2021²⁰, which aims to reduce the power costs of industrial units by around 50% while removing any capacity ceiling for setting up solar projects in Gujarat. The current installed capacity of renewable energy in the state is 13 GW with a target of installing 30 GW of renewable energy by 2022.²¹ In the state of Maharashtra, under the Non-conventional Energy Generation Policy 2020²², an exhaustive project-wise plan of renewable power generation has been laid out. The state currently has 10 GW installed capacity of renewable energy with a target of 17 GW grid-connected renewable energy by 2025, which includes 13 GW solar and 4 GW wind power.²³ The projects selected for financing by ATL's Green Loan Framework will add to states' endeavors in reaching their renewable energy targets.

In this context, Sustainalytics is of the opinion that the projects financed by ATL will contribute towards India's targets of enhancing its renewable energy capacity and conform to its climate commitments made under the Paris Agreement.

¹⁵ 175 GW renewable energy includes 100 GW of solar energy, 60 GW of wind energy, 10 GW of biomass power, and 5 GW of small hydropower.

¹⁶ India Third Biennial Update Report to The United Nations Framework Convention on Climate Change, at:

<https://www4.unfccc.int/sites/submissions/INDC/Published%20Documents/India/1/INDIA%20INDC%20TO%20UNFCCC.pdf>

¹⁷ India Energy Outlook 2021, at: https://iea.blob.core.windows.net/assets/1de6d91e-e23f-4e02-b1fb-51fdd6283b22/India_Energy_Outlook_2021.pdf

¹⁸ Central Electricity Authority, Installed Capacity Report, May 2021, at: <https://npp.gov.in/public-reports/cea/monthly/installcap/2021/MAY/capacity1-2021-05.pdf>

¹⁹ Circuit kilometre is one kilometre of electrical transmission or distribution circuitry including all necessary conductors, insulators and supporting structures required to provide a complete circuit or double circuit.

²⁰ Gujarat Solar Power Policy 2021, at: <https://surv Gujarat.guvt.in/Gujarat-Solar-Power-Policy-2021.pdf>

²¹ Institute of Energy Economics and Financial Analysis, Gujarat sets 30GW renewable energy goal by 2022, 17% of India's overall target July 03, 2019, at: <https://ieefa.org/articles/gujarat-sets-30gw-renewable-energy-goal-2022-17-indias-overall-target>

²² Maharashtra Energy Development Agency, Target under Non-Conventional Energy Generation Policy 2020, at:

https://www.mahaurja.com/meda/data/grid_solar_power/Re%20Policy%202020%20Target.pdf

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The Loan(s) issued under the Adani Transmission Ltd. Green Loan Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy		7.1 By 2030, ensure universal access to affordable, reliable and modern energy services
	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
	9. Industry Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Conclusion

ATL has developed the Adani Transmission Ltd. Green Loan Framework under which it may borrow green loans and use the proceeds to finance the modernization and upgrade of the transmission network across Gujarat and Maharashtra. Sustainalytics considers that the projects funded by the green loan proceeds are expected to support the transmission of clean energy across the two Indian states.

The Adani Transmission Ltd. Green Loan Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Adani Transmission Ltd. Green Loan Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that ATL has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Adani Transmission Ltd. is well-positioned to borrow green loans and that the Adani Transmission Ltd. Green Loan Framework is robust, transparent, and in alignment with the four core components of the Green Loan Principles 2021.

Appendix

Appendix 1: Green Loan / Green Loan Programme - External Review Form

Section 1. Basic Information

Issuer name:	Adani Transmission Ltd.
Green Bond ISIN or Issuer Green Loan Framework Name, if applicable:	Adani Transmission Ltd. Green Loan Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 30, 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 GLP:

- | | |
|--|--|
| <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 nd 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

Overall comment on section (if applicable):

The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Loan Principles. Sustainalytics considers that investments in the eligible category is expected to support the transmission of clean energy across the Indian states of Gujarat and Maharashtra and advance the UN Sustainable Development Goals, specifically SDG 7 and 9.

Use of proceeds categories as per GLP:

- | | |
|---|--|
| <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 GLP categories, or other eligible areas not yet stated in GLP | <input type="checkbox"/> Other (please specify): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The project evaluation and selection process is carried by Adani Transmission Ltd's Board of Directors who are also responsible for the Company's business strategy, financial activities and sustainability goals. The eligible projects are selected based on the Company's ESG strategic pillars and according to the Framework's eligibility criteria. Sustainalytics considers the project selection process 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 |
|---|---|

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- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The net loan proceeds will be monitored and tracked by the relevant Finance and Accounting Team, overseen by the company's Chief Financial Officer. The proceeds will be tracked using a dedicated proceeds account. Additionally, the funds' utilization by each project will be reviewed by the Lender's Technical Advisor. Pending full allocation, unallocated proceeds will be held in dedicated project cash account of Project Special Purpose Vehicles (SPV) or in cash or cash-equivalent instruments. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Loan proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

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Adani Transmission Ltd. intends to report on the allocation of proceeds to the lenders of eligible projects on a monthly basis. Allocation reporting will provide relevant transaction information such as the construction progress, the total amount of funds that are drawn and the expenses to which they are being deployed. In addition, Adani Transmission Ltd. is committed to reporting on relevant impact metrics annually. Sustainalytics views the Company'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 loan(s)
 Other (please specify):

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
 Other (please specify):

Frequency:

- Annual
 Semi-annual
 Other (please specify): monthly

Impact reporting:

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

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
 Decrease in water use
 Other ESG indicators (please specify):

Frequency

- Annual
 Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (please specify):
 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.)

<https://www.adanitransmission.com/Updates-and-Disclosures>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd 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 GLP

- 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 Loan 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 Loan 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 Loan proceeds, statement of environmental impact or alignment of reporting with the GLP, may also be termed verification.
- iii. Certification: An issuer can have its Green Loan or associated Green Loan 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 Loan, associated Green Loan 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 GLP, 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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