



# **Green Financing Framework**







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# 01 Introduction to Embassy REIT



Embassy REIT is India's first publicly listed Real Estate Investment Trust, listed in 2019.

As Asia's largest office REIT by area, Embassy REIT owns and operates a **42.6 million square feet ('msf')** portfolio of **eight infrastructure-like office parks** and **four city-centre office buildings** in India's best performing office markets of Bangalore, Mumbai, Pune, and the National Capital Region ('NCR').

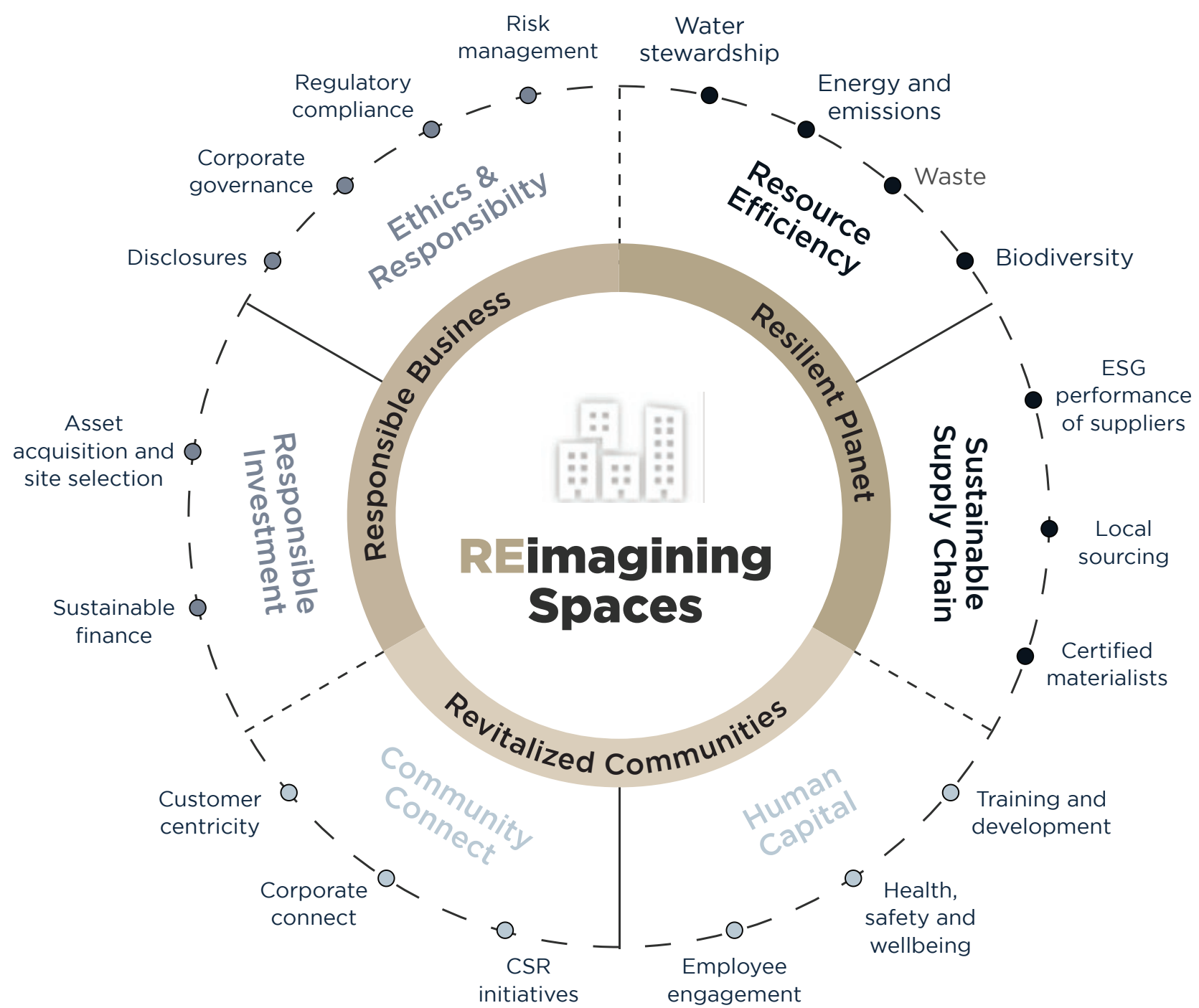
Embassy REIT's portfolio comprises **33.6 msf completed operating area** and is home to over **200 of the world's leading companies**. The portfolio also comprises strategic amenities, including two operational business hotels, four under-construction hotels, and a 100 MW solar park supplying renewable energy to tenants.





1.2 Embassy REIT's Commitment to Sustainability

Our ESG strategy focuses on implementing sustainable interventions that contribute towards building a safer, healthier and greener environment for our staff, occupiers, vendors and the communities in which we operate, while delivering enhanced returns for our investors. We have moved beyond driving ad hoc sustainability programs and have adopted a structured ESG approach and framework aimed at integrating ESG priorities into our business objectives and values.



Our ESG Framework, comprising of 19 specific programs, is driven by our vision to “Reimagine spaces” for a sustainable tomorrow for all our stakeholders. Our sustainability framework focuses on 3 strategic pillars of Responsible Business, Resilient Planet and Revitalised Communities that underpin our commitment towards good governance, environmental stewardship, & community engagement.



# 02 Our ESG Framework

## 2.1 | Resilient Planet

Our environment management initiatives focus on green energy, reduction of GHG

emissions and waste, access to safe water, sanitation and hygiene.

### Energy and Emissions



- Net Zero Carbon Operations by 2040
- 75% renewable energy by FY2025 - 100 MW solar plant, 20+ MW rooftop solar
- Upgrading lighting and cooling systems to reduce power consumption



- E-vehicle charging stations, CNG buses, e-buggies
- LED screens displaying emissions, power & water usage



### Biodiversity



Environmental impact assessment at Embassy Manyata and Embassy TechZone (in the vicinity of protected areas).

### Water and Waste Management



- STPs, rainwater harvesting, water conservation initiatives
- Waste segregation at source, safe disposal of hazardous waste and on-premise recycling of organic waste

### Sustainable Supply Chain



- Supplier code of conduct, performance monitoring and training programs
- ESG-specific clauses in key contracts

## 2.2 | Revitalized Communities

Our social initiatives focus on creating shared value for our employees, our occupiers, our

vendors and the communities that we operate in.

### Community Connect



- CSR initiatives to uplift communities around our parks:
  - Building and maintenance of government schools
  - Education, health and hygiene interventions
  - Ecogram project (waste, water and soil management)
  - Community infrastructure
- Corporate Connect program – partnering with occupiers



### Corporate Occupiers



- Focus on occupational health, safety and wellbeing
  - BSC and BSI certifications, WELL PortfolioTM program
- Engagement programs - Energize, Q Life, Embassy Plus
- Customer satisfaction surveys
- Initiation of green lease contracts with occupiers

### Employees



- An equal opportunity employer
  - Ensuring diversity of gender, ethnicity, caste and creed
- Hiring and compensation on merit and performance
- Continuous training and development opportunities





2.3 Responsible Business

We have adopted strong corporate governance standards and a best-in-class governance framework.

Corporate Governance & Compliance



50%

Independent directors on the Board

60%

Manager change by 60% unrelated Unitholders' vote

- Distributions linked management fee structure
- ESG performance linked to Senior Executives' KRAs
- Comprehensive policies for the governance framework

Risk Management



Robust framework, oversight by Risk Mgmt. Committee

Disclosures



- Annual ESG report published in line with GRI standards
- 4-star / Green star GRESB rating, TCFD supporter

Responsible Investment



- Comprehensive ESG checklist to evaluate acquisitions
- No acquisition fees payable to the REIT Manager
- Strong related party safeguards for acquisitions
  - Majority unitholder approval required, and Sponsors prohibited from voting on certain RPTs
  - Fairness opinion and two independent valuations.

1. Fairness opinion from independent valuer required if leases to related parties exceed 20% of the underlying assets based on certain parameters. Acquisition or sale price of property cannot be at a price greater than 110% of average valuation of two independent valuers or at a price lower than 90% of the average of two independent valuer's valuation, respectively.



Our ESG Membership & Certifications

Our current ESG memberships, certifications and performance on global benchmarks reflect

our commitment to sustainability, transparency and operational excellence.



Operational Excellence



Six 5 star, Four 4-star, One 3-star certifications



ISO 9001, ISO 14001, ISO 45001 certifications

ESG Benchmarks (2021)



4-star rating, 80% score<sup>(1)</sup>



79<sup>th</sup> percentile, 44% score



50<sup>th</sup> percentile, 56% score

Building Certifications



Majority portfolio Gold/Platinum certified



Subscribed to WELL PortfolioTM for the next 5 years

ESG Benchmarks (2021)



ESG Report aligned with the GRI Framework



Supporter signatory



## 03 Green Financing Framework

In support of Embassy Office Parks REIT's ("Embassy REITs") Environmental, Social & Governance values ("ESG values"), we have established a Green Financing Framework (hereinafter referred to as the "Framework"). The Framework is designed to provide overarching principles and guidelines under which Embassy REIT and/or its SPVs (the "Group") may issue Green Bonds or avail of Green Loans (hereinafter referred to as "Green Financing Instruments"),

which are used to finance and/or refinance, in part or in full, new and/or existing Eligible Green Projects, in a manner consistent with the Group's ESG values and provide the transparency and required disclosures to potential investors.

### The purpose of the Framework is to set out:

- 1** The manner in which the Group's assets will be selected to participate in green financing transactions.
- 2** The way in which proceeds of Green Financing Instruments will be used and managed.
- 3** The method of reporting on the use, management and allocation of proceeds.

### The Framework is structured to be in line with the following guidelines, which recommend transparency, disclosure and promote integrity in the development of Green Financing Instruments:

- ☒ Green Bond Principles ("GBP") developed by the International Capital Markets Association ("ICMA") as of June 2021
- ☒ Green Loan Principles ("GLP") developed by the Loan Market Association ("LMA"), the Loan Syndication and Trading Association ("LSTA") and the Asia-Pacific Loan Market Association ("APLMA") as of February'21
- ☒ Climate Bonds Standard version 3.0 (CBS-3)

### The Framework is aligned with the principles of GBP and GLP and its four pillars



Further, this Framework is aligned with the current best market practices and may be subsequently updated at Embassy REIT's discretion to extend to the issuance of other green financing opportunities.





# 04 Overview of Embassy REIT's ESG Committee



At Embassy REIT, an ESG Committee has been established to drive the Organization's ESG agenda. The ESG Committee is a cross-functional management committee of Embassy Office Parks Management Services Private Limited (the "Manager"). It is chaired by the Chief Executive Officer of the Manager, with the Head - Operations (India) of the Manager as the Secretary to the Committee. The Committee reports to the Management Committee and the Chair of the ESG Committee is responsible to provide the ESG update to the Management Committee every quarter. The Committee is responsible for:

1

Aligning Embassy REIT's ESG objectives along with its business objectives by creating a three-year Environmental, Social and Governance roadmap for achieving the organization's goals and targets.

3

Analyzing current and emerging ESG trends that may have an impact on Embassy REIT's business, operations, performance, stakeholders' needs and interests and advising the Board on appropriate actions for the same.

2

Overseeing all ESG initiatives related to the organization.

4

Reviewing the organization's public disclosures on ESG-related matters including its sustainability report and ESG aspects disclosed in the Company's Annual Report.



# 05 Four Pillars

## 5.1 | Use of Proceeds



The proceeds from the Green Financing Instruments will be applied to finance and/or refinance, in whole or in part, new or existing investments

and/or acquisitions in the following project categories (“Eligible Green Projects”) based on the criteria described herein. Each of the project categories are linked to the United Nations Sustainable Development Goals (“SDGs”).



### Green Buildings



Investments and/or expenditures related to the purchase, construction, development, redevelopment, improvement, operation and

maintenance of properties that have received or are expected to receive the following green building certifications:

- LEED (Gold or Platinum)

### Renewable Energy



Investments and/or expenditures aimed at providing renewable energy including, but not limited to:

Solar projects or assets:

- Solar electricity generation facilities where 100% of electricity generated from the facility is derived from solar energy resources.
- Wholly dedicated evacuation infrastructure for solar electricity generation facilities.

## 5.2 | Process for Project Evaluation Sheet



The projects to be financed or refinanced using the proceeds from the Green Financing Instruments will be evaluated and selected based on:

- 1 REIT’s ESG framework
- 2 Qualification of the project as an Eligible Green Project
- 3 Feasibility analysis (including location of project, capacity, timelines, and other technical and commercial conditions).

The ESG Committee will be responsible for the oversight and management of the Framework and determining eligibility of projects that would satisfy the Eligible Green Projects criteria, considering ESG risks, as well as market factors, financial and technical considerations.

At the inception of every Eligible Green Project, the ESG Committee will ensure that the project is fully in compliance with the relevant environmental and social regulations and standards. Proceeds from the Green Financing Instruments will be used exclusively for Eligible Green Projects which are evaluated to deliver long-term positive net environmental effects.



### Process for project evaluation and selection

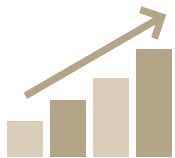
The project evaluation and selection process will ensure that the proceeds from a Green Financing Instrument are

earmarked for financing green projects that meet the Eligibility Criteria set out above. An overview of the project evaluation and selection process is set out below:

Project Identification	Identify & assess proposed eligible green projects.
ESG Committee Approval	An Internal Memo will be prepared prior to allocation of Green Financing Instrument proceeds, which will be appraised by the committee to assess projects against the Framework for funding.
Annual Reporting	The proceeds shall be allocated, documented and tracked as per the internal control and accounting processes with annual publication of use of proceeds and reporting.



5.3 Management of Proceeds



The proceeds of the Green Financing Instruments will be allocated towards financing and /or acquisition of and/or refinancing the Eligible Green Projects.

The net proceeds will be deposited to the relevant Escrow/Current Accounts, as governed by relevant loan agreements and notionally be earmarked for Eligible Green Projects in accordance with this Framework.

The funds, once released from the Escrow Accounts, will be used to finance capital expenditure requirements, project related liabilities, or other purposes; and/or to refinance existing indebtedness stemming from new or existing investments and/or acquisitions in the Eligible Green Projects.

Any unallocated amounts of the Proceeds shall be held in temporary investment instruments that are cash, term deposits with commercial banks or securities permitted as per the Company’s investment policy. These temporary instruments will not include investments in any greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy.

5.4 Reporting



For the duration that the Group has Green Financing Instruments outstanding, Embassy REIT will annually report:

1 List of the projects to which the proceeds from Green Financing Instruments have been allocated as well as a brief description of the projects.

2 Amounts allocated to the Eligible Green Projects and the actual utilization till date.

3 Percentage of amounts allocated for financing and refinancing (if applicable).

4 Management confirmation that the use of proceeds of these Green Financing Instruments are in alignment with the Framework.

The Group commits to providing updates to relevant lenders of green loans at least once annually thereafter, at or around the same time as other

information undertakings are provided. All transactions with regards to use or allocation of green loan/green bond proceeds shall be adequately tracked and documented to ensure compliance with this Framework.



External Review

This Framework has been reviewed by KPMG who has provided independent assurance on the Framework to be used for issuance of the Green Financing Instruments being in conformity with the requirements of the Green Bond Principles, 2021 or the Green Loan Principles, 2021 or the Climate Bonds Standard version 3.0 (CBS-3) (where applicable).









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