



**VENA  
ENERGY**

## **GREEN FINANCING FRAMEWORK**

H2 2019

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## 1. Overview

Vena Energy (the "Company") is a Singapore-based independent power producer and a pure renewable energy player in the Asia-Pacific region, with 18 offices across nine jurisdictions in Japan, Australia, India, Indonesia, the Philippines, Singapore, South Korea, Taiwan, and Thailand.

Vena Energy is committed to decarbonizing the economy through the generation of wind and solar energy and contributing to the fight against climate change and the preservation of natural resources. The Company's corporate mission is to address climate change by increasing renewable energy production to displace thermal and other non-renewable generation capacity, facilitating the transition to a low carbon economy and a climate risk resilient society.

Founded in 2012, Vena Energy made its first investment in the same year into 10 solar projects across Thailand and has since built a portfolio<sup>1</sup> comprised of:

- 47 operational assets with a combined Capacity<sup>2</sup> of 1,562 MW, of which 1,022 MW solar and 540 MW wind projects;
- 13 solar projects under construction with a combined Capacity of 300 MW;
- 16 solar and wind projects which are shovel-ready with a combined Capacity of 374 MW; and
- 90 solar and wind projects which are advanced or under development with a combined Capacity of 9.0 GW.

The Company is focused on the engineering, development, investment and operations of utility-scale solar and wind projects, with 461 permanent staff across key functions led by a qualified senior management team with an average of approximately 21 years of relevant experience. Vena Energy has internalized capabilities to deliver the whole renewable energy project lifecycle, with origination, development, construction and operational activities, with dedicated solar and wind experts focused on centralizing its intellectual property with respect to resource assessment, system design, equipment procurement, construction management and operations and maintenance ("O&M") services.

The Company's corporate governance is overseen by a number of board sub-committees, which include:

- Investment Committee: overseeing Vena Energy's investment activities, aligning investments with corporate strategy and evaluating the effectiveness of investment decisions
- Audit and Risk Committee: providing independent oversight and discharging responsibilities related to internal and external audits, operational and financial risks, regulatory compliance, financial reporting practices and enforcement of business ethics and internal controls
- Remuneration Committee: assisting the Board in relation to remuneration, succession planning and related matters
- Sustainability Committee: governing Vena Energy's sustainable investment matters including oversight of environmental, social and risk management and corporate responsibility and investment initiatives, and of implementation of the Company's Green Financing Framework, such as the allocation of green financing proceeds towards Eligible Green Projects

### 1.1. ESG Policy

Vena Energy has implemented an environmental, social and governance policy (the "ESG Policy") across all its activities in accordance with local and international standards, including:

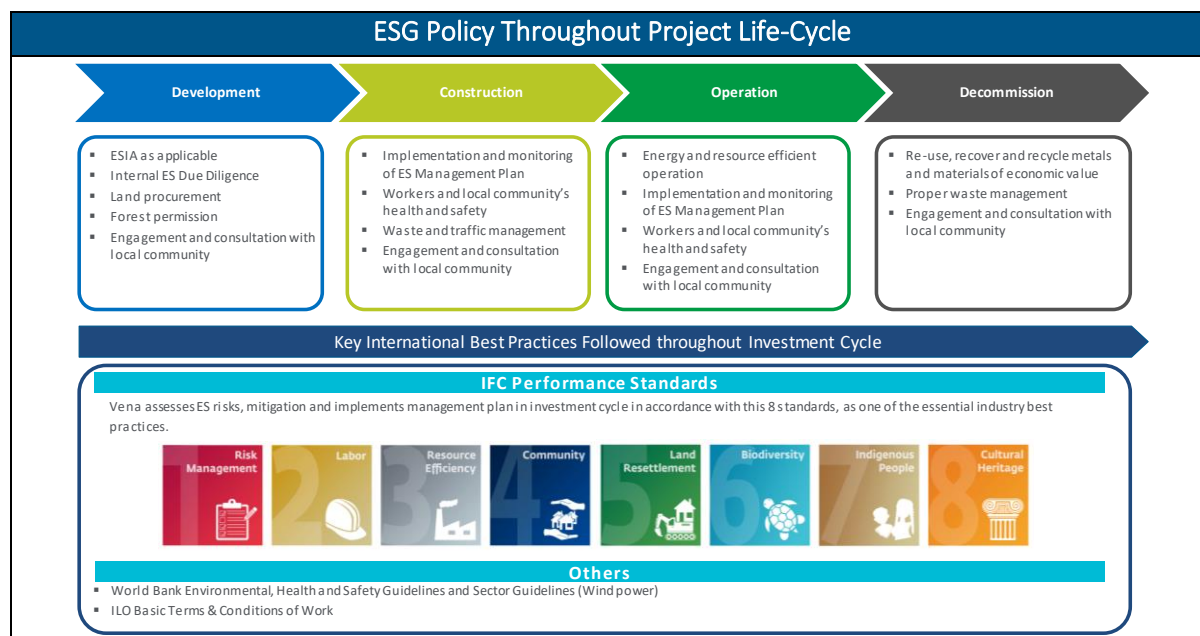
- Local environment, health and safety laws and regulations
- International Finance Corporation's Performance Standards
- World Bank Group Environmental, Health and Safety Guidelines
- International Labour Organisation Declaration on Fundamental Principles and Rights at Work
- UN Guiding Principles on Business and Human Rights

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<sup>1</sup> As at 30 Jun 2019.

<sup>2</sup> Indicates Gross Capacity, defined as the maximum, or rated, generating capacity at standard test conditions of the relevant asset.

The ESG Policy provides guidelines on key ESG-related areas including the selection of investments in supporting the reduction in greenhouse gas emissions, assessment of environmental, health and safety and community impacts of projects, recruitment, wages, workplace safety and diversity policies and the monitoring and recording of environmental and social issues.



## 1.2. Corporate Social Responsibility (“CSR”)

Vena Energy firmly believes in engaging with local communities throughout the life-cycles of its projects, with the objective of enabling sustainable social and economic development locally. The Company supports local employment by creating job opportunities for the members of its hosting communities and then focuses on training and empowering the employees through the establishment of self-development programs. The Company has also put in place several CSR activities across essential sectors, developed in consultation with the communities that host our projects, activities and local teams. These activities include:

- 1.2.1. **Education:** Vena Energy provides scholarships and internships, and other education-related initiatives such as supporting schools through the donation of new classrooms, supplies and IT equipment, and raising road safety awareness
- 1.2.2. **Healthcare:** Access to basic and preventive healthcare is a key priority for communities near some of Vena Energy’s rural asset sites. Vena Energy seeks to provide healthcare and healthcare-related services tailored to meet the needs of these communities
- 1.2.3. **Infrastructure:** Vena Energy’s infrastructure CSR projects aim to improve access to basic sanitation facilities and potable water, as well as increase road infrastructure near project sites. Vena Energy also provides support to repair local schools, hospitals and community buildings
- 1.2.4. **Access to affordable clean energy:** Vena Energy provides local communities with access to data and information to understand how affordable clean power can support economic and social development

## 1.3. Sustainability



Sustainability remains the centerpiece of Vena Energy’s corporate strategy and the Company operates to deliver benefits and results to all its stakeholders, including its employees, suppliers, counterparties, investors, partners and, especially, to the environment and to the host communities that it works with. The Company’s line of action encompasses the creation of long-term values for the environment, local economies and people, including their living and health conditions.

Vena Energy has established an ad-hoc internal committee to manage the planning and implementation of our sustainability commitments and investments (the “Sustainability Committee” or the “Committee”). The

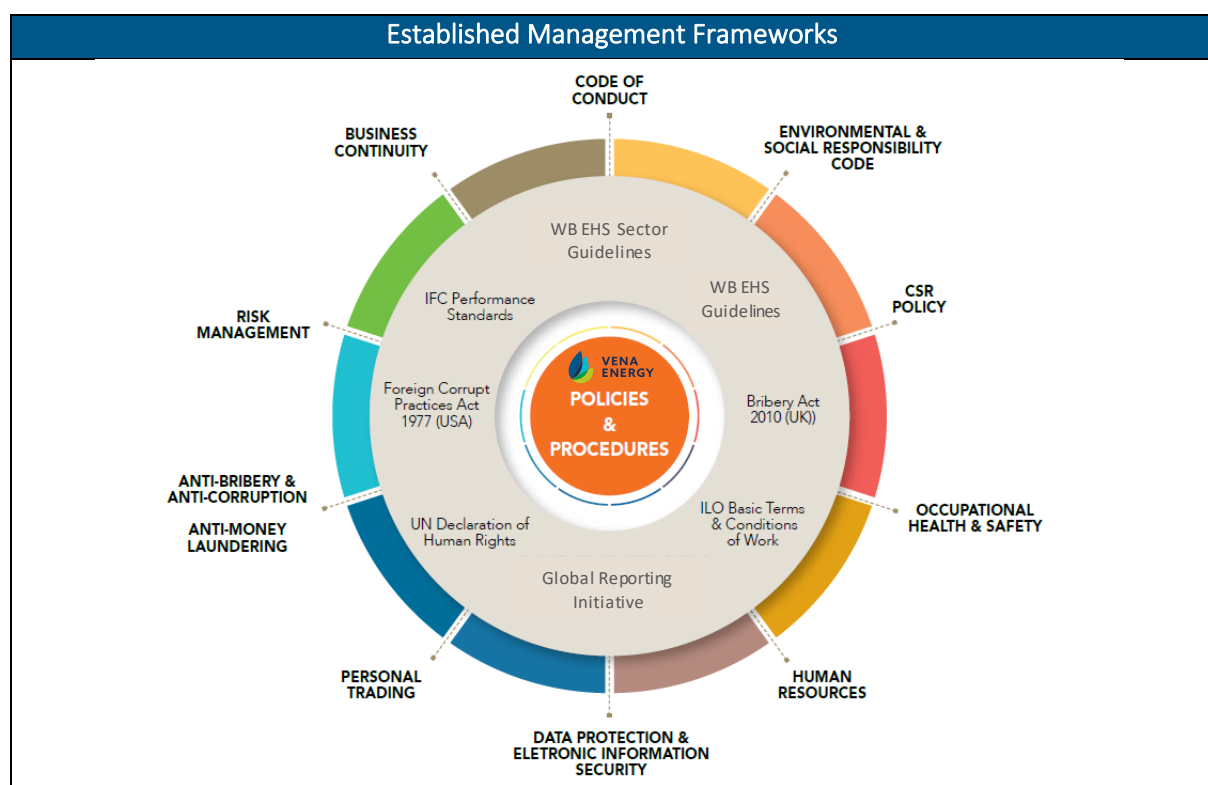
Sustainability Committee drives the promotion, implementation and monitoring of sustainability business practices. In order to represent all aspects of the business, the Committee members include:

- the Chief Executive Officer, who chairs the Committee
- the Head of Sustainable Finance, who also act as deputy chairperson
- the Chief Financial Officer
- the Head of Operational Excellence
- the Chief Human Resources Officer
- the General Counsel
- one of Vena Energy’s Country Heads, on a rotational basis

Vena Energy’s business model is aligned with the 17 United Nations Sustainable Development Goals (“SDG”), particularly SDG7 and SDG13 – described below.

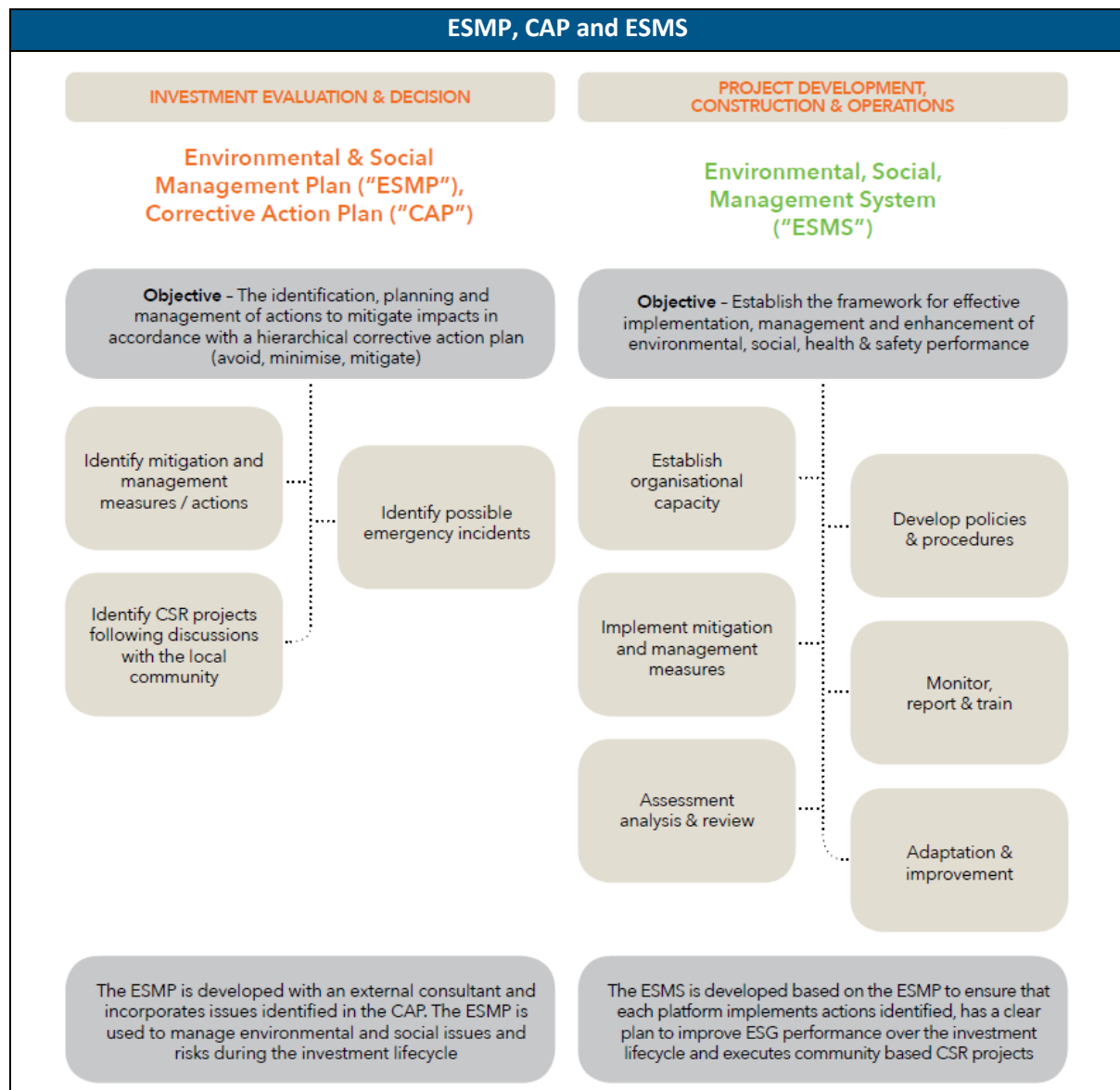
Sustainable Development Goals	
	<p><b>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</b></p> <p>Energy is central to nearly every major challenge and opportunity the world faces today. Be it for jobs, security, climate change, food production or increasing incomes, access to energy for all is essential. Sustainable energy is an opportunity – it transforms lives, economies and the planet.</p>
<p><b>Goal 13: Take urgent action to combat climate change and its impacts</b></p> <p>Climate change is now affecting every country on every continent. Affordable, scalable solutions are now available to enable countries to leapfrog to cleaner, more resilient economies. The pace of change is quickening as more people are turning to renewable energy and a range of other measures that will reduce emissions and increase adaptation efforts.</p>	

The Company’s decision-making and investment processes are guided by an established Management Framework encompassing all activities that are relevant to the business. This framework is developed in accordance with international standards, guidelines, rules and industry best practices.

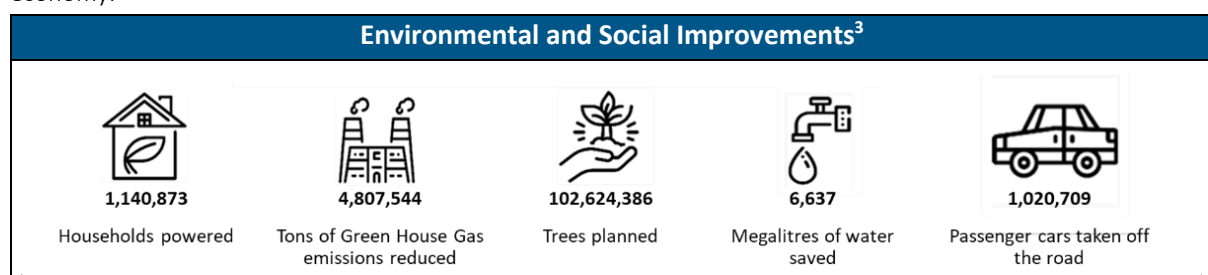


The application of the framework is then guided by dedicated plans, which are specific to the stage of the projects to which the decision-making is related.

In the investment decision-making process, evaluations and decisions are guided by the Environmental & Social Management Plan (“ESMP”) and Corrective Action Plan (“CAP”), which have the objective to identify, plan and manage the appropriate mitigating actions. Regarding the development, construction and operations of the projects, the Company is guided by the Environmental, Social, Management System (“ESMS”), with the objective of an effective implementation, management and enhancement of the Company’s Sustainability performance.



Vena Energy’s sustainability strategy is making a growing tangible impact since its inception, delivering environmental and social improvements that are contributing to the transition to a low carbon and circular economy.



<sup>3</sup> Based on generation from inception up till H1 2019 for assets in operation.

## 2. Rationale

As challenges such as climate change and depletion of natural resources become increasingly evident, the business and financial communities have enhanced the scrutiny and assessment not only of their own activities but also of the activities of their counterparties. A growing number of investors and businesses are now interested in understanding the social and environmental impact of the companies they invest in or do business with.

In the absence of an obligation to disclose such information, Vena Energy has voluntarily established a comprehensive Green Financing Framework since 2018, in order to enhance its planning and disclosure practices as well as providing transparency and accountability to its equity and debt investors.

As a pure renewable energy player with a reach across the Asia-Pacific region, Vena Energy is keen to play a leading role in directing investments into green projects and activities that are driving the transition to a low carbon economy while making a positive impact on the environment and its host communities.

Based on the nature of Vena Energy’s activities and its commitment to a sustainable development, fundraising from Vena Energy may include public or private bonds and/or loans with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Projects as defined under this Green Financing Framework (section 3.1). Bonds and loans issued under the Green Financing Framework will be aligned respectively with the Green Bond Principles (ICMA, 2018) and the Green Loan Principles (LMA, 2018).

## 3. Green Financing Framework

Vena Energy’s Green Financing Framework (the “Framework”) is structured to be in line with the following guidelines:

- The Green Bond Principles published by the International Capital Markets Association (“ICMA”) in 2018,
- The Green Loan Principles published by Loan Market Association (“LMA”), Asia Pacific Loan Market Association and Loan Syndications and Trading Association (“LSTA”) in 2018

Below is a detailed disclosure of the Company’s approach to four core components:

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

### 3.1. Use of proceeds

Any Green Bond or Loan issued by Vena Energy (or any of its subsidiaries) will be used to finance and/or re-finance, in whole or in part, new or existing projects under development, construction and/or operation (“Eligible Project”) from any of the eligible project categories (“Eligible Project Categories”) as defined below:

Eligible Green Categories	Use of Proceeds
Renewable Energy	<ol style="list-style-type: none"><li>1. <u>Solar energy</u>: photovoltaic solar electricity, concentrated solar power, infrastructure and manufacturing, transmission</li><li>2. <u>Wind energy</u>: offshore and onshore wind farms, infrastructure and manufacturing, transmission</li><li>3. <u>Hydropower</u>: run of river and small hydro &lt;15MW (CDM defined), existing large hydro &gt;20MW in temperate zones, re-powering of existing large hydro system</li></ol>

The Eligible Project Categories and Use of Proceeds associated are defined in accordance with the Taxonomy set by the Climate Bond Initiative in 2019. Solar and Wind Energy Use of Proceeds are moreover set in the Climate Bonds Initiative Standards (Standards for hydropower assets are still under development).

In line with Vena Energy sustainability strategy, the Eligible Green Projects shall meet a set of environmental, social and governance criteria (“ESG Criteria”), based on IFC’s Performance Standards, as defined below:

- Risk management
- Labor
- Resource Efficiency
- Community
- Land Resettlement
- Biodiversity
- Indigenous People
- Cultural Heritage

### 3.2. Process for project selection and evaluation

Vena Energy has established a Sustainability Committee as the highest corporate body governing the responsibilities of sustainable investment matters, including the promotion, monitoring, implementation and improvement of cross functional sustainability strategies.

The eligibility of projects will need to be unanimously agreed by all members of the Sustainability Committee.

The Investment Committee will pre-approve the selected projects, based on a series of analysis and feasibility studies including but not limited to the environmental impact analysis, financial modeling and due diligence of the projects. They will notably be responsible for assessing the compliance of pre-selected projects with the criteria defined in 3.1. Alongside this prescreening, the Company’s Investment Team will support the financing decision based on Vena Energy’s normal financial and technical criteria (project scale, financial return, risk assessment, etc.), as part of Vena Energy’s routine funding process.

Once the project is approved by the Investment Committee, the Sustainability Committee will verify the compliance of the projects with the Framework and its eligibility criteria and classify them into Eligible Projects. The Sustainability Committee will validate the final selection of the projects.

Apart from allocating or raising funds according to the annual budget, projects that will be financed by Green Bond or Loan proceeds will be overseen by the Sustainability Committee to comply with the “Use of Proceeds” provision. The Sustainability Committee will oversee the reporting.

### 3.3. Management of Proceeds

Vena Energy will dedicate a Green Finance Account to the Green Bonds or Green Loans. Each Green Bond or Loan issued will be deposited until full allocation and earmarked for allocation in accordance with this Green Financing Framework.

Pending the full allocation of the proceeds, the balance of unallocated proceeds shall be earmarked and held in the form of temporary sustainable cash or cash equivalent investment instruments in line with Vena Energy treasury management. Vena Energy excludes the following activities in its investment policy:

- Project or activity involving forced labour or child labour
- Project involving or producing or trading in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
- Project involving any business relating to pornography or prostitution
- Project trading in wildlife or wildlife products regulated under CITES
- Project involving the production or use or trade in hazardous materials such as radioactive materials, unbounded asbestos fibres and products containing PCBs
- Project having cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations
- Project using drift net fishing in the marine environment using nets in excess of 2.5 km in length
- Project producing, using or trading in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans
- Project involving destruction of Critical Habitat
- Project producing and distributing any racist, anti-democratic and/or neo-Nazi media
- Project producing or trading in weapons and ammunition, tobacco or hard liquor



Until the full allocation of the proceeds to Eligible Green Projects, Vena Energy intends to maintain an aggregate amount of assets in the Green Finance Account and allocated Green Projects that is at least equal to the aggregate net proceeds of all outstanding Vena Energy Green Bonds and Green Loans.

The net proceeds of the green bonds/loans shall be allocated for the financing and/or refinancing of existing Eligible Projects. For new projects or assets, the Green Bond or Loan can finance assets during the construction and/or operational phase.

Under an extraordinary scenario where an Eligible Project is divested, Vena Energy intends to maintain the balance between the Eligible Project base and outstanding amount of net Green Bond/Loans. This can be achieved through new green investments or through the reduction of the net Green Bond/Loan respectively (e.g. via cash retention for future green investments).

### 3.4. Reporting

#### 3.4.1. Allocation report

Allocation reporting will be available to investors within approximately one year from the date of the bond issuance or loan agreement, and thereafter once a year until the bond/loan proceeds have been fully allocated. In case of sale or disposal of an Eligible Project, Vena Energy will reallocate the amount dedicated to this particular project to another Eligible Project and/or maintain the cash in line with the Management of Proceeds as defined in 3.3.

The allocation report will disclose information per asset type, comprising detailed examples such as:

1. Allocated amount per asset category (renewable type) vs. total amount (%)
2. Geographic split per country
3. Weighted average age of the project being financed or refinanced by the Green Bond/Loan issuance with information related to the phase (construction vs operation)
4. Total projects size (MW) per asset category
5. Total annual operating hours
6. Example of projects financed by the proceeds, including their description (date, location, category, progress)

The allocation of proceeds will be audited on an annual basis by an independent third party until the full allocation of proceeds into Eligible Projects.

#### 3.4.2. Impact report

On an annual basis, until full allocation, Vena Energy will provide an impact reporting, whereby, for each category of Eligible Projects, and where feasible, Vena Energy will report on relevant impact metrics.

Examples of relevant metrics that Vena Energy could include:

Eligible Green Categories	Reporting project	Reporting Metrics
Renewable Energy	<ol style="list-style-type: none"> <li>1. Solar energy</li> <li>2. Wind energy</li> <li>3. Hydropower</li> </ol>	<ul style="list-style-type: none"> <li>▪ Installed capacity in MW;</li> <li>▪ Annual GHG emissions avoided in tons of CO2 equivalent; and</li> <li>▪ Annual renewable energy production in MWh</li> <li>▪ Number of Households powered</li> </ul>

## **4. External Review**

### **4.1. Second Party Opinion**

Vena Energy has appointed Vigeo Eiris and the Japan Credit Rating Agency to provide an independent assessment/second party opinion on the alignment of the Vena Energy Green Financing Framework to the Green Bond Principles, 2018 and the Green Loan Principles 2018.

This Second Party Opinion/Third party review document will be made publicly available on Vena Energy's website [venaenergy.com](http://venaenergy.com)

### **4.2. Annual Assurance Report**

An independent auditor will be appointed by Vena Energy to provide an annual assurance report until all the proceeds are allocated on the compliance in all material respects of the Eligible Projects with the set of environmental and social criteria set and whether the amount of the Green Bond proceeds allocated to Eligible Projects is consistent with data underlying the accounting records.

## DISCLAIMER

The information and opinions contained in this Green Financing Framework are provided as at the date of this document and are subject to change without notice. Vena Energy does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

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