



Continuum Green Energy External Review of 2021 Allocation and Impact Report

March 8, 2022

CICERO Green has reviewed Continuum Green Energy’s (“Continuum”) 2021 Allocation and Impact Report (“Report”). We review project allocation against the Green Bond Framework criteria and impact metrics for relevance and transparency.

CICERO Green finds no discrepancies in its review of the reporting against Continuum’s Green Bond Framework. Continuum provides quantitative information about the climate and environmental impacts of projects to which green bond proceeds have been allocated using relevant indicators i.e., i) installed capacity, ii) renewable energy generation, and iii) avoided/reduced CO₂ emissions. Continuum has shown commitment to transparency by detailing its methodology and by reporting on allocation at a project level.

Project allocation

In February 2021, Continuum raised green bonds with a value of USD 561 million. Use of proceeds are reported as of March 2021, where net proceed of USD 549 million were used to subscribed to NCDs of the Indian Restricted Subsidiaries. The company informed that there has been no change in the allocation since then.

We find no discrepancies in our review of project allocation against Continuum’s Green Bond Framework. Renewable Energy was the only project category included in Continuum’s Green Bond Framework – specifically, proceeds would finance or re-finance the development, construction, and operation of: i) onshore and offshore wind farms and related support infrastructure, ii) solar energy and related support infrastructure, and iii) energy storage. According to the Report, proceeds have been allocated to five wind projects and one combined wind and solar project. We assigned an overall shading of Dark Green to Continuum’s Green Bond Framework in our Second Opinion dated January 12, 2021, and a Dark Green shading to the Renewable Energy project category.¹ All allocated proceeds have therefore been allocated to Dark Green investments (see Figure 1).

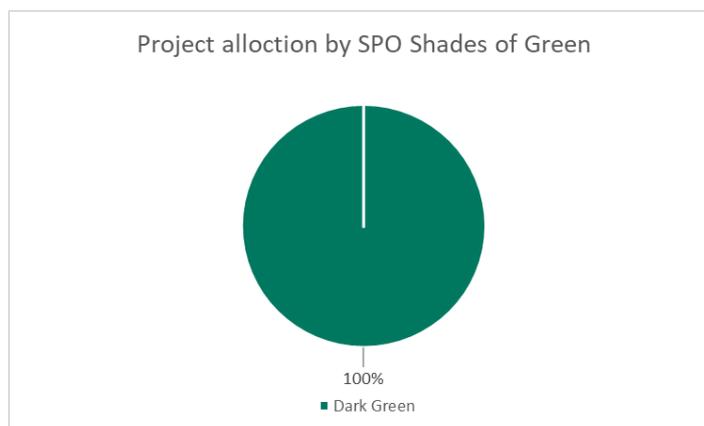


Figure 1: Allocation by SPO Shade of Green. Shading is based on evaluation at time of issuance and does not reflect ex-post project verification.

¹ Second Opinion ([cicero.oslo.no](https://www.cicero.oslo.no))

Continuum's Report satisfies the commitments in respect of allocation reporting contained in its Green Bond Framework. The Report, for example, sets out:

- The net proceeds of green bonds (USD 549 million)
- Share of financing v re-financing (96.9% of the proceeds were allocated to refinancing).
- The size of the green project portfolio (722.9 MWp) and breakdown by project type (wind and solar assets)
- The amount of unallocated proceeds (USD 0.02 million).

Continuum has confirmed in the Report that the selection process for allocations of proceeds from the green bonds was undertaken as described in its Green Bond Framework. The company confirmed that no project has been removed from the green bond program.

Impact metrics

Continuum reports impacts on the green bond portfolio for period January 1, 2021 to December 31, 2021.

In its Report, Continuum reports on i) installed capacity, ii) renewable energy generation, and iii) avoided/reduced CO₂ emissions. These are example indicators given in its Green Bond Framework and commonly used for renewable energy. Results are reported on a portfolio basis and are ex-post. The company confirmed that the green bond proceeds are the only source of financing of the projects – pro rating of impacts was not therefore necessary.

Continuum discloses clearly the methodology used for calculating avoided emissions from solar and wind power production (combined margin of the average emission of all power stations in the Indian grid and the average emission of the 20% most recent capacity addition in the Indian grid, resulting in a conversion factor of 0.90 tCO₂e/MWh or 900 gCO₂/kwh, as per CO₂ baseline data for the Indian Power Sector calculated by the Central Electricity Authority of India). The Central Electricity Authority of India regularly reviews and publishes figure for combined margin and Continuum have been using the latest figure.

While annual reduced/avoided emissions represent a relevant metric, there is always uncertainty around emissions data and especially avoided emissions where there are less developed guidelines. The inclusion of metrics commonly used for green bond reporting allows investors to better compare across issuances in the same sectors. Investors should, however, use caution when making these comparisons as methodologies, assumptions and baselines are typically not uniform.

Alignment with principles for impact reporting

CICERO Green reviews the impact report against the ICMA Handbook, Harmonized Framework for Impact Reporting (the Handbook).² We find that the report is aligned with these guidelines and the recommendations relevant to it.

For example, Continuum is transparent on the total signed amount and the amount of green bond proceeds allocated to eligible disbursements as well as on the list of projects to which green bond proceeds have been allocated. The amount allocated to the projects are stated both in US Dollars and Indian Rupees. The exact exchange rate and dates of conversion are included. In respect of impacts, Continuum provides quantitative information about the

² <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

climate and environmental impacts of projects to which green bond proceeds have been allocated using indicators contained in the Handbook.

Terms

CICERO Shades of Green provides a review of Continuum's annual reporting based on documentation provided by Continuum and information gathered during teleconferences and e-mail correspondence with Continuum. Continuum is solely responsible for providing accurate information. All financial aspects of the sustainable finance reporting - including the financial performance of the bond and the value of any investments in the bond - are outside of our scope, as are general governance issues such as corruption and misuse of funds. CICERO Shades of Green does not validate nor certify the existence of the projects financed and does not validate nor certify the climate effects of the projects. Our objective has been to provide an assessment of the extent to which the bond has met the allocation and reporting criteria established in Continuum's 2021 Green Bond Framework. The review is intended to inform Continuum management, investors and other interested stakeholders and has been made based on the information provided to us. CICERO Shades of Green cannot be held liable if estimates, findings, opinions or conclusions are incorrect. Our review does not follow verification or assurance standards and we can therefore not provide assurance that the information presented does not contain material discrepancies.



Detailed Review

Category	Description	Review against framework criteria	Impact Metrics	Relevance of metrics	Transparency considerations
Renewable Energy	<ul style="list-style-type: none"> Development, construction, and operation of onshore and offshore wind farms and related support infrastructure. Development, construction and operation of solar energy and related support infrastructure. Development, construction, and operation of energy storage. 	<p>No discrepancies identified</p> <ul style="list-style-type: none"> According to information provided by Continuum, 5 wind farms and 1 combined wind and solar PV project and related support infrastructure have been financed. The issuer has included investments to access roads in their green projects which have been financed by green bonds. Continuum mentioned in the SPO process that installed capacity for new projects is expected to be in the range of 75 MW and 300 MW for wind projects. The generated capacity per project varies between 76MW and 199,7 MW as described in the Report which is within the expected range. 	<ul style="list-style-type: none"> Renewable energy capacity installed (MW) Annual renewable energy generation (MWh) Annual CO₂ emission reduction/avoidance (tonnes of CO₂). 	<ul style="list-style-type: none"> ✓ Metrics provide a good indication of the environmental impact of the investment, as well as the energy installed and generated. ✓ These metrics are commonly used in green bond reporting and are in line with core indicators in the ICMA Handbook. ✓ The company should consider reporting avoided emissions based on the unit gCO₂/kwh in the future, as this is a common way of measuring and reporting avoided emissions in the market. 	<ul style="list-style-type: none"> ✓ Ex post impacts. ✓ Continuum is transparent on the allocation reporting, as it reports on a project level. ✓ Continuum reports on impact metrics as per the Framework, disclosing methodology used.



Appendix 1: About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green bond investments. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University, the International Institute for Sustainable Development (IISD) and the School for Environment and Sustainability (SEAS) at the University of Michigan.

