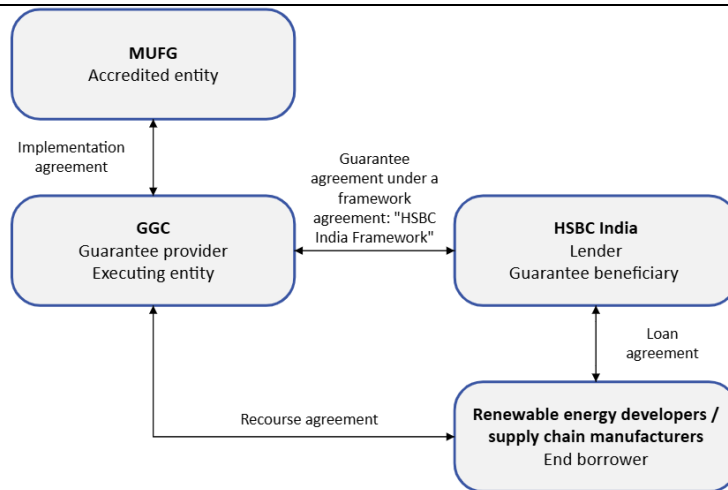


Sub-Project Disclosure Summary

Sub-Project Title: HSBC India Framework

A	The purpose, nature, and scale of the activities, and the intended beneficiaries	<p><u>Background</u></p> <p>India faces a dual challenge in its energy sector: rapidly growing demand and continued dependence on fossil fuels. While significant progress has been made on installing non-fossil capacity, renewable electricity generation remains a challenge. In 2024, around 75% of electricity was generated from fossil fuel sources, primarily coal. Given projected growth in energy demand, India will need to more than double its current renewable capacity to meet its 2030 NDC target.</p> <p><u>Description of Sub-Project</u></p> <p>This sub-project establishes a framework between the Green Guarantee Company (GGC) and HSBC India to provide credit guarantees for eligible loans advanced by HSBC India to renewable energy generation and clean energy supply chain transactions. This HSBC India Framework (the 'Framework') agreement is designed to streamline GGC's approval process for guarantees of HSBC India's lending by setting standard terms and eligibility criteria.</p> <p>Under the Framework, GGC will offer up to USD 100 million in guarantees, with a maximum of USD 50 million per transaction. Eligible loans must be to renewable energy developers or supply chain manufacturers, and proceeds must comply with the eligibility criteria and exclusion list in GGC's Guarantee Policy.</p> <p>Guarantees will mitigate credit risk for HSBC India as a lender. If a renewable energy or clean energy supply chain borrower (the 'end borrower') fails to make payment, GGC will cover the outstanding balance owed to HSBC India. The diagram below shows the contemplated sub-project structure and the relationship between the entities involved.</p>
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E&S Risk Categorisation

The designated risk category for the Framework is Category I-2, as the beneficiary of the guarantee is a financial intermediary (HSBC India), lending to transactions that meet the eligibility criteria of the GGC guarantee policy and exclusion list.

Transactions under the Framework will consist of renewable/clean energy generation or supply chain manufacturing, such as wind/solar farm, battery storage project, implementation and operation of solar module/cell manufacturing facilities. The transaction size ranges between USD 35-100million (note that GGC will only provide USD 50million guarantee per transaction).

The proposed transactions under the Framework are expected to include business activities with potential limited adverse environmental and social risks, and impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. Those transactions are expected to be classified under Category B. Risk Category A transaction is excluded from this Framework and GGC will screen potential transactions to ensure that this condition is maintained.

ESMS Governing the HSBC India Framework

The HSBC policies and GGC ESMS will be applicable to the Framework. Assessment of the HSBC policies concludes that they are generally in alignment with the GGC ESMS – refer to the findings of the assessment in the HSBC India Framework E&S Due Diligence. The HSBC is a signatory of the Equator Principles (underpinned by the International Finance Corporation's Performance Standards) and has gone through the GCF accreditation process. At the operation stage of the Framework, where there are differences in the GGC's and HSBC's requirements, the more stringent requirements will be applied.

	<p>The indicative E&S risks that are relevant to the potential types of transactions under this Framework are also captured in the HSBC India Framework E&S Due Diligence</p> <p><u>Transaction Screening Process</u></p> <p>HSBC E&S risk management system includes multiple stages of approval. Firstly, the risk manager will screen alignment of the transaction with the scope of the Equator Principles, HSBC policies and the Framework eligible use of proceed and exclusion lists. Approval from senior leadership will be required prior to the transaction proceeding to due diligence stage. The end borrower will be required to provide ESIA, ESMP and ESMS, which the risk manager will use to assess compliance with the EP for the next stage of compliance approval and subsequent audit by independent internal reviewer.</p> <p>GGC will also conduct E&S due diligence of the same transaction, in parallel to HSBC E&S risk management process. Any gaps identified during the due diligence of the individual transaction and their corresponding corrective actions will be recorded using an ESAP that aligns with the template in the GGC ESMS. GGC will work with HSBC India to identify actions required by the end borrowers of those transactions. The transaction will undergo approval from the GGC Impact and Credit committees before guarantee can be provided.</p> <p>For Category B transaction of higher risk, there will be oversight of the transaction by the HSBC EP subject-matter-experts. Independent E&S Consultant will be appointed to undertake and produce the E&S Due Diligence (ESDD) on the transaction</p> <p>The flow chart below outlines how impact and E&S risks will be managed for each transaction under the framework:</p>
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	<div><p>Indicative process for transaction selection, monitoring and reporting under the HSBC India Framework</p><div><div>Borrower submits documentation to HSBC India as per HSBC policies (includes ESIA, ESMS, ESMP)</div><div>HSBC India screen for compliance with terms of Framework (including eligible use of proceeds, not Category A, size, type of borrower, compliance with exclusion list). If suitable, shares documentation with GGC</div><div>GGC conducts due diligence as per GGC ESMS. Identifies gaps. For high risk Category B projects, engage independent ESDD</div><div>GGC seeks transaction approval from Impact and Credit Committees</div><div>GGC finalises any E&S gaps and contributes towards consolidated MRV Strategy & ESAP for end borrower via HSBC India.</div><div>If approved, GGC issues guarantee to HSBC India using pre-agreed terms under the Framework</div><div>HSBC India reports to GGC on E&S and impact of guaranteed transactions as per protocols defined in Framework (e.g. quarterly/annual reporting on impact KPIs, ESAP progress)</div></div><p><u>Examples of transactions under Framework</u></p><p>Specific transactions will be identified once the terms of the Framework have been agreed. Examples of eligible end borrowers similar to those that are expected to fall under the Framework, see below:</p><ul style="list-style-type: none">• Company A: Large manufacturer of solar PV modules based in Mumbai with manufacturing facilities in multiple locations across India. Company A has aligned its impact objectives</div>
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		<p>with the Sustainable Development Goals and has made a suite of ESG policies publicly available including ESG Policy, EHS Policy, Fair Labor Practices Policy, Anti Bribery and Corruption Policy etc.</p> <ul style="list-style-type: none"> • Company B: Grid scale renewable energy developer in India. The Company's ESG Framework references GRI Standards, UN SDGs, SASB, UN Global Compact, UN Women's Empowerment Principles, IFC Standards, Equator Principles and TCFD. It uses a three-layer ESG governance structure with the Board overseeing ESG, sustainability and CSR commitments, a Steering Committee monitoring performance and regulatory alignment, and a Working Group managing data collation and initiative execution. • Company C: Large PV module manufacturer in India with global presence and large number of EPC projects in India. Endorsed by the UN Global Compact and Science Based Target Initiatives, the Company has a comprehensive ESG Framework and Integrated Quality, Environment, Occupational Health & Safety (QEOHS) Policy. <p>By reducing credit risk and improving lending terms, the guarantees will enable greater deployment of capital to renewable energy developers, manufacturers, and service providers across India.</p> <p>Transactions supported through the Framework will contribute towards reducing India's energy sector GHG emissions under the GCF Energy Generation and Access Mitigation Results Area. The initiative will also boost the domestic clean energy economy by strengthening national manufacturing capacity, supporting job creation, and accelerating India's transition to a low-carbon development pathway.</p>
B	The duration of proposed activities	Expected to be 3 years
C	A summary of stakeholder consultations and the planned stakeholder engagement process	<p>Given the specific transaction pipeline is not yet identified at this stage, stakeholder consultation has been carried out at the national level. As part of GGC's GCF funding application, GGC conducted consultations with key stakeholders from across national and local government departments, regulators, in-country Origination Partners and other financial institutions to inform and develop a country business plan for India. These consultations identified a USD 600 billion investment need in renewable energy and grid infrastructure. It also identified a USD 7.2 billion requirement in the next 3 to 4 years to promote integrated manufacturing of solar modules.</p> <p>Under this Framework, the end borrowers (including renewable energy developers and clean energy supply chain manufacturers) are one of the key stakeholders. From the examples above, the end</p>

		<p>borrowers are expected to be large companies with offices in the major cities in India and using English as their official language. Hence, the disclosure of this Framework in English language is expected to be sufficient.</p> <p>On an individual transaction basis, stakeholder consultation is expected to be carried out by the end borrower as per GGC ESMS requirements and HSBC policies. These consultations are expected to occur in the manner and using languages that are appropriate to the stakeholders and local communities, depending on the location of the activities funded by the transaction.</p> <p>HSBC as a signatory of the Equator Principles (EP) is expected to align with Principle 5, which requires the end borrowers to undertake stakeholder engagement in a structured and culturally appropriate manner, with all relevant stakeholders. Details of the stakeholder engagement and the process will form part of the documentation to be provided by the end borrower of each transaction under the Framework.</p> <p>GGC will be reviewing the stakeholder engagement plan of the end borrower and outcome as part of its committee approval process and any gaps will be communicated to the end borrower in the E&S Action Plan.</p>
D	The available grievance mechanism(s) to receive complaints and facilitate the resolution of such from affected and potentially affected communities, groups and individuals	<p>HSBC in India has a Grievance Redressal Policy that sets out the key principles in handling complaints from stakeholders, through a structured grievance redressal framework. Feedback and Complaints Help and Support - HSBC IN Having a grievance mechanism aligns with Principle 6 of the EPs.</p> <p>Separate grievance mechanism, where appropriate, will be established at the transaction level by the end borrowers. Reporting of grievances or major incidents by the end borrowers to GGC (via HSBC India) will be in accordance with the GGC ESMS and set as conditions within the Framework.</p>

Annexures

A	Sub-Project Disclosure Form	Included. Please refer to the document submitted
B	The Environmental and Social Impact Assessment (ESIA) for the relevant Sub-Project	An E&S Due Diligence (ESDD) is more appropriate assessment procedure and reporting mechanism on the policies and procedures governing the Framework, as opposed to an ESIA. Please refer to the link below.
C	Where applicable, Environmental and Social Management Plan (ESMP), if separate from the ESIA	Gaps identified following the Framework E&S due diligence are recorded in an E&S Action Plan, included in the due diligence document (refer to the link below).
D	Where applicable, the Environmental and Social Due Diligence (ESDD) Report	Refer to the link below for the ESDD Report. https://www.mufgemea.com/green-climate-fund-projects/green-guarantee-company/ The relevant documents are: <ul style="list-style-type: none"> • HSBC India Framework E&S Due Diligence (English) • HSBC India Framework E&S Due Diligence (Hindi)
E	Where applicable, the Land Acquisition and/or Resettlement Action Plan (LARAP) for the relevant Sub-Project	N/A
F	Where applicable, the Indigenous Peoples Plan (IPP) for the relevant Sub-Project	N/A
G	Any other associated information including those relevant to indigenous peoples required to be disclosed in accordance with DGG's public information policy and GCF's Revised Environmental and Social Policy and GCF Information Disclosure Policy	N/A