Circular
CIR/IMD/DF/51/2017  May 30, 2017

To
All Issuers of Corporate Debt Securities
All Recognized Stock Exchanges
All Registered Merchant Bankers

Dear Sir / Madam,

Sub: Disclosure Requirements for Issuance and Listing of Green Debt Securities

1. SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (“SEBI ILDS Regulations”), govern public issue of debt securities and listing of debt securities issued through public issue or on private placement basis, on a recognized stock exchange.

2. For public issue and listing of Green Debt Securities and listing of privately placed Green Debt Securities, in addition to the requirements as prescribed under SEBI ILDS Regulations and Circulars made thereunder, following shall be applicable:

2.1. Definition of Green Debt Securities:
A Debt Security shall be considered as ‘Green’ or ‘Green Debt Securities’, if the funds raised through issuance of the debt securities are to be utilised for project(s) and/or asset(s) falling under any of the following broad categories:

a. Renewable and sustainable energy including wind, solar, bioenergy, other sources of energy which use clean technology etc.

b. Clean transportation including mass/public transportation etc.

c. Sustainable water management including clean and/or drinking water, water recycling etc

d. Climate change adaptation

e. Energy efficiency including efficient and green buildings etc.

f. Sustainable waste management including recycling, waste to energy, efficient disposal of wastage etc.
g. Sustainable land use including sustainable forestry and agriculture, afforestation etc.

h. Biodiversity conservation

Any other category as may be specified by Board, from time to time.

2.2. Disclosures in Offer Document/ Disclosure Document and other requirements

The issuer of a Green Debt Securities shall make following disclosures:

a. A statement on environmental objectives of the issue of Green Debt Securities

b. Brief details of decision-making process issuer has followed/would follow for determining the eligibility of project(s) and/or asset(s), for which the proceeds are been raised through issuance of Green Debt Securities. An indicative guideline of the details to be provided is as under:

i. process followed/ to be followed for determining how the project(s) and/or asset(s) fit within the eligible green projects categories as provided at para 2.1 above ;

ii. the criteria, making the project(s) and/or asset(s) eligible for using the Green Debt Securities proceeds; and

iii. environmental sustainability objectives of the proposed green investment.

c. Issuer shall provide the details of the system/procedures to be employed for tracking the deployment of the proceeds of the issue.

d. Details of the project(s) and/or asset(s) or areas where the issuer, proposes to utilise the proceeds of the issue of Green Debt Securities, including towards refinancing of existing green project(s) and/or asset(s), if any.

e. The issuer may appoint an independent third party reviewer/certifier, for reviewing /certifying the processes including project evaluation and selection criteria, project categories eligible for financing by Green Debt Securities, etc. Such appointment is optional and is at the part of issuer, however any such appointment of reviewer/certifier shall be disclosed in the offer document.
2.3. Continuous disclosure requirements

An issuer who has listed its Green Debt Securities, along with compliances as under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), shall provide the following disclosures along with its annual report and financial results:

a. Following shall be provided along with the half yearly and annual financial results:

i. Utilisation of the proceeds of the issue, as per the tracking done by the issuer using the internal process as disclosed in offer document/disclosure document. The utilisation of the proceeds shall be verified by the report of an external auditor, to verify the internal tracking method and the allocation of funds towards the project(s) and/or asset(s), from the proceeds of Green Debt Securities.

ii. Details of unutilized proceeds

b. Following additional disclosures have to be provided along with the annual report:

i. List of project(s) and/or asset(s) to which proceeds of the Green Debt Securities have been allocated/invested including a brief description of such project(s) and/or asset(s) and the amounts disbursed. However, where confidentiality agreements limit the amount of detail that can be made available about specific project(s) and/or asset(s), information shall be presented about the areas in which such project(s) and/or asset(s) fall into.

ii. Qualitative performance indicators and, where feasible, quantitative performance measures of the environmental impact of the project(s) and/or asset(s). If the quantitative benefits/impact cannot be ascertained, then the said fact may be appropriately disclosed along with the reasons for non-ascertainment of the benefits/impact on the environment.

iii. Methods and the key underlying assumptions used in preparation of the performance indicators and metrics;

2.4. Responsibilities of the issuer

An issuer of Green Debt Securities shall:

a. maintain a decision-making process which it uses to determine the continuing eligibility of the project(s) and/or asset(s). This includes, without limitation a statement on the environmental objectives of the Green Debt Securities and a
b. ensure that all project(s) and/or asset(s) funded by the proceeds of Green Debt Securities, meet the documented objectives of Green Debt Securities.

c. utilise the proceeds only for the stated purpose, as disclosed in the offer document.

3. An issuer of Green Debt Securities or any agent appointed by the issuer, if follows any globally accepted standard(s) for the issuance of Green Debt Securities including measurement of the environmental impact, identification of the project(s) and/or asset(s), utilisation of proceeds, etc., shall disclose the same in the offer document/disclosure document and/or in continuous disclosures.

4. This Circular is issued in exercise of powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992 read with Regulation 31(1) of SEBI ILDS Regulations.

5. This Circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and under the drop down “Corp Debt Market”.

Yours faithfully,

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