



Green Financing Framework

13 December 2019

Green Structuring Advisor



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Part A: Introduction

About us

Genex Power Limited (**Genex**) is a power generation development company listed on the ASX. Genex is focused on innovative clean energy generation and electricity storage solutions which deliver attractive commercial returns for shareholders while directly contributing to the achievement of the goals of the Paris Agreement.

Genex has a development pipeline of up to 770MW of renewable energy generation and storage projects within its portfolio, underpinned by the Kidston Clean Energy Hub in far-north Queensland (Kidston Clean Energy Hub). The Kidston Hub is comprised of the operating 50MW Kidston Stage 1 Solar Project (KS1), the 250MW Kidston Pumped Storage Hydro Project (K2-Hydro), the multi-staged integrated Solar Extension Project of up to 270MW Kidston Solar Extension (K2-Solar) under development and the Kidston Stage 3 Wind Project of up to 150MW under feasibility review. In addition, Genex has acquired the 50MW Jemalong Solar Project (JSP), located near Forbes in NSW, which is also under development.



Fig. 1. Kidston Clean Energy Hub.

Our commitment to sustainability

As a member of the Clean Energy Council, Genex has committed to contribute proactively to a clean energy future for Australia by demonstrating sustainable practices. In 2017, Genex completed the construction of the 50MW Kidston Stage 1 Solar Project (KS1) which can produce up to 145,000MWh and offsets 120,000t of CO₂ per year. Genex has a number of pipeline projects which include the following:

1. 50MW Jemalong Solar Project (JSP) in NSW;
2. 250MW Kidston Pumped Storage Hydro Project (K2-Hydro);
3. 270MW Kidston Solar Extension Project (K2-Solar); and
4. 150MW Kidston Stage 3 Wind Project (K3-Wind).

With the development of these pipeline projects, Genex will be in a position to generate a total of 2,312,300MWh of electricity into the National Electricity Market (NEM) as well as offsetting a total of 1,913,628t of CO₂ per year. This is also equivalent to powering up to 240,000 homes.

We have developed this Green Financing Framework (Framework) to demonstrate how we intend to enter into Sustainability Financing Transactions which will align our financing with our commitment to innovative clean energy generation and electricity storage solutions.

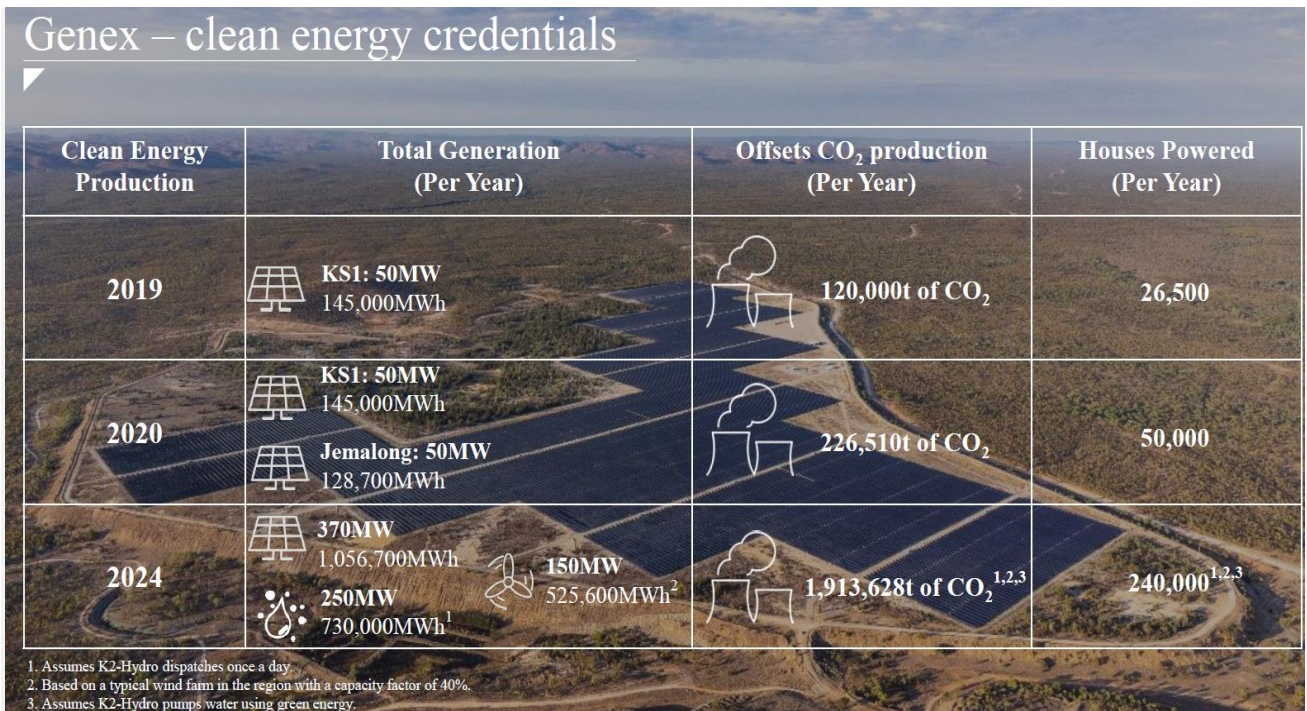


Fig. 2. Genex’s clean energy credentials.

BEST PRACTICE CHARTER FOR RENEWABLE ENERGY DEVELOPMENTS

We commit to honouring the Clean Energy Council's Best Practice Charter in our renewable energy developments and associated transmission infrastructure:

- 1 We will engage respectfully with the local community, including Traditional Owners of the land, to seek their views and input before finalising the design of the project and submitting a development application.
- 2 We will provide timely information, and be accessible and responsive in addressing the local community's feedback and concerns throughout the lifetime of the development.
- 3 We will be sensitive to areas of high biodiversity, cultural and landscape value in the design and operation of projects.
- 4 We will minimise the impacts on highly productive agricultural land where feasible, and explore opportunities to integrate continued agricultural production into the project.
- 5 We will consult the community on the potential visual, noise, traffic and other impacts of the development, and on the mitigation options where relevant.
- 6 We will support the local economy by providing local employment and procurement opportunities wherever possible.
- 7 We will offer communities the opportunity to share in the benefits of the development, and consult them on the options available, including the relevant governance arrangements.
- 8 We commit to using the development to support educational and tourism opportunities where appropriate.
- 9 We will demonstrate responsible land stewardship over the life of the development and welcome opportunities to enhance the ecological and cultural value of the land.
- 10 At the end of the project's design or permitted life we will engage with the community on plans for the responsible decommissioning, or refurbishment/repowering of the site.



James Harding
Chief Executive Officer
Genex Power
July 2018



Genex
Power

Fig. 3. Genex's Clean Energy Council commitment to renewable energy.

Part B: Our Green Financing Framework

We are currently considering entering into Green Loans under this Framework. In future, we may also consider the issuance of Green Bonds. This Framework may be subsequently updated as the Sustainable Finance market evolves.

Green Loans drawn under this Framework will be aligned with the Green Loan Principles (GLP)¹ as they may be amended from time to time.

Green Bonds issued under this Framework will be aligned with the Green Bond Principles (GBP)² as they may be amended from time to time.

We may also obtain certification of our Green Loans and Green Bonds under the Climate Bonds Standard Version 3.0 (Climate Bonds Standard),³ which is fully aligned with the GLP and GBP.

The drawing of Green Loans and the issuance of Green Bonds under this Framework will directly contribute towards sustainable development and the achievement of the goals of the Paris Agreement by financing, or refinancing, Green Projects as described in the GBP and GLP (and, where relevant, complying with the Climate Bonds Standard) and deliver positive environmental outcomes which support Genex's strategy and vision.

Each Green Loan and Green Bond will align with the following four core components of the GLP and/or the GBP as described in Part C of this Framework:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Part C: Green finance transactions

1. Use of proceeds

The cornerstone of a Green Loan or a Green Bond is the utilisation of the proceeds for Green Projects.

Green Projects (as described in the GBP and GLP) include renewable energy projects (including production, transmission, appliances and products). Eligible Projects & Assets (as described in the Climate Bonds Standard) include the following solar assets and projects: generation facilities (power and heat), supply chain facilities and infrastructure.

¹ https://www.lma.eu.com/application/files/6115/5266/8726/Green_Loan_Principles_Booklet.pdf

² <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>


³ <https://www.climatebonds.net/standard>

As our business is focused on generation and storage of renewable energy, the net proceeds of each Green Loan drawn under this Framework and each Green Bond issued under this Framework will be exclusively applied to finance or refinance, in part or in full, new and/or existing Green Projects as described in the GBP and GLP and (subject to meeting relevant screening criteria) Eligible Projects & Assets as described in the Climate Bonds Standard.

A \$100m tranche of the initial Green Loan entered into under this Green Financing Framework will be used to refinance an existing senior facility and meet certain other costs relating to KS1. The remaining tranches of the Green Loan will be used to finance the construction of JSP.

In future, the proceeds of Green Loans and Green Bonds drawn or issued under this Framework may be used to finance or refinance, in part or in full, new and/or existing Green Projects. Where proceeds are to be used to finance new Green Projects, the expenditures financed will have been incurred no earlier than 24 months prior to the receipt of the net proceeds.

The listing below includes a sample of initiatives which may be considered by Genex:

GLP/GBP Eligible Categories	Sample Eligible Projects	UN SDG Alignment and Contribution
Renewable energy	Solar energy generation. Wind energy generation. Transmission and support infrastructure for renewable energy systems. Energy distribution, management, control and storage systems for wind and solar energy, including pumped hydropower.	

The Eligible Categories under the GLP and GBP may be expanded over time.

2. Process for project evaluation and selection

The focus of our business on generation and storage of renewable energy will ensure that the net proceeds of Green Loans drawn under this Framework and Green Bonds issued under this Framework will meet the criteria set out above.

Genex’s investments will be consistent with its membership of the Clean Energy Council, which represents over 700 leading businesses operating in or supporting the development of renewable energy (such as solar, wind, hydro, bioenergy, geothermal and marine) and energy storage.

3. Management of proceeds

To manage the net proceeds of each Green Loan and each Green Bond, Genex will establish a Sustainability Financing Projects Register.

The proceeds of each Green Loan and each Green Bond will be allocated to one or more Eligible Green Projects identified in the Sustainability Financing Projects Register.

The Sustainability Financing Projects Register will contain relevant information including:

- Details of each Green Loan and each Green Bond: key information including transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc.
- Details of Use of Proceeds, including:
 - Summary detail of any specific Green Project(s) to which the proceeds of the Green Loan or Green Bond have been earmarked.
 - Amount of Green Loan or Green Bond proceeds earmarked to any specific Green Project(s).
 - Aggregate amount of Green Loan or Green Bond proceeds earmarked to any specific Green Project(s).
 - Any unallocated Green Loan or Green Bond proceeds yet to be earmarked against any specific Green Project(s).
 - Estimated environmental and social impact (where available), and
 - Other necessary information.

Genex has implemented internal accounting and financial management and information systems to track and report on Eligible Green Projects and verify whether the net proceeds of the Green Loans and Green Bonds have been fully allocated.

Pending application to Green Projects, the net proceeds of each Green Loan and each Green Bond (or an amount equal to these net proceeds) will be used to refinance existing debt relating to an Eligible Green Project. To the extent proceeds will be used to finance new Green Projects, Genex has committed to allocating the net proceeds of each Green Loan and each Green Bond (or an amount equal to these net proceeds) to Eligible Green Projects within 24 months following receipt.

So long as any Green Loans or Green Bonds are outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to Green Projects made during that period.

4. Reporting

On an annual basis, Genex will publish an Annual Report which will disclose the use of proceeds of our Green Loans and Green Bonds and meet the requirements of the Climate Bonds Standard. This Annual Report will be made available on the Australian Stock Exchange as well as Genex's website.

The following information will be provided until the proceeds of each Green Loan and each Green Bond have been allocated, then updated on an annual basis. The Annual Report will contain at least the following details:

a) Summary:

A list of all Green Loans and Green Bonds issued or drawn in the reporting period and outstanding at the reporting date and summary terms of each transaction. Key information to be provided will include transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc.

b) Allocation Reporting – for each Green Loan and each Green Bond:

Details of Use of Proceeds, including:

- Summary detail of any specific Green Project(s) to which the proceeds of the Green Loan or Green Bond have been earmarked.
- Amount of Green Loan or Green Bond proceeds earmarked to any specific Green Project(s).
- Aggregate amount of Green Loan or Green Bond proceeds earmarked to any specific Green Project(s)], and
- Any unallocated Green Loan or Green Bond proceeds [yet to be earmarked against any specific Green Project(s)].

c) Impact Reporting – for each Green Loan and each Green Bond:

Where possible, we will provide qualitative and/or quantitative reporting of the environmental impacts resulting from specific Green Projects.

5. External review

We have committed to appoint an external review provider to confirm the alignment of this Framework and each Green Loan or Green Bond issued under this Framework with the GLP and the GBP and, where relevant, the Climate Bonds Standard.

We have engaged DNV GL to provide an external review in the form of a Second Party Opinion and Verification on this Framework and confirm alignment with the GLP and the GBP and the Climate Bonds Standard.

DNV GL has confirmed the alignment of this Framework and the underlying assets and/or procedures with the GLP and the GBP and the Climate Bonds Standard.

The Second Party Opinion will be made publicly available on our website.

Through the use of independent third party auditors, Genex will verify the internal tracking method and the allocation of proceeds before the Annual Report is published.

Part E: Appendices

1. References

a. LMA/APLMA Green Loan Principles

https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

b. ICMA Green Bond Principles

<https://www.icmagroup.org/green-social-and-sustainability-bonds/>

c. Climate Bonds Standard

<https://www.climatebonds.net/standard>

d. United Nations Sustainable Development Goals

- *United Nations Sustainable Development Goals (SDGs)*
<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>
- *Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals*
<https://www.icmagroup.org/green-social-and-sustainability-bonds/mapping-to-the-sustainabledevelopment-goals/>

2. Impact reporting

We will look to utilise potential environmental and social impact reporting indicators summarised below, as further detailed in the ICMA Green, Social and Sustainability Bonds Resource Centre and guidance developed by the ICMA GBP and SBP Impact Reporting Working Groups, subject to the availability of information and confidentiality requirements.

<https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/#>

We will endeavour to report against all indicators of chosen categories but note that not all may be applicable to all bond/loan issuances.

The relevant indicators include, but are not limited to the following:

- Energy capacity;
- Electricity generation;
- Greenhouse gas emissions reduced/avoided; and
- Number of people provided with clean power.

3. Key contacts

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