

**Highways Infrastructure Trust (HIT)**

# **SUSTAINABILITY- LINKED FINANCE FRAMEWORK (SLFF)**

*March, 2025*



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## Introduction

### Background of HIT

Highways Infrastructure Trust (HIT) stands as India's leading Infrastructure Investment Trust (InvIT) dedicated to [managing, operating and maintaining] roads and highways. Established in 2021 and listed on the stock exchange in August 2022, HIT is driven by a mission to democratize the ownership of critical transportation infrastructure across the nation. With a rapidly expanding portfolio, in its first full year of operations, the Trust has more than doubled its Assets Under Management (AUM) to ₹ 102 Bn following the acquisition of eight new assets. Currently, this portfolio comprises 15 operational highway projects spanning approximately 3,620 lane kilometers across nine Indian states.

HIT's operations are underpinned by a commitment to sustainability, financial discipline, and operational excellence. External credit rating of AAA by credit rating agencies (CRISIL & India Ratings) and a robust portfolio of Toll, Hybrid Annuity Model (HAM), and Annuity assets, enables HIT to deliver superior, risk-adjusted returns while contributing to India's infrastructure growth. Galaxy Investments II Pte. Limited (the 'Sponsor') is the major shareholder of HIT with 52.21% holdings. The Sponsor is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. Currently, the Sponsor is a 100% subsidiary of Galaxy Investments Pte. Limited, which is majority-owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Limited. The other major unitholders of HIT are the Nebula II and other Unit Holders with holdings of 22.42% and 25.37% respectively.<sup>1</sup> HIT's projects include cutting-edge solutions that address growing demands for mobility, economic connectivity, and environmental responsibility, creating a significant positive impact on the nation's transportation landscape.<sup>2</sup>



Over the past year, HIT has focused on optimizing the performance of both its existing and newly acquired road assets. This has involved implementing best-in-class operational practices, leveraging technology to enhance efficiency, and investing in its workforce to ensure the necessary skills and expertise are in place to drive the business forward. Moreover, HIT has also concentrated on strengthening its relationships with key stakeholders, including local communities, government bodies, and industry partners. This has involved active engagement and collaboration to ensure that its projects not only meet but exceed regulatory and societal expectations.

<sup>1</sup> <https://highwaystrust.com/wp-content/uploads/2024/03/Highways-Infrastructure-Trust-AR-23-24-C2C-V4.1-Interactive.pdf>

<sup>2</sup> Highways to Sustainable growth: Highways Infrastructure Trust Annual Report 2023-24

## Vision of HIT

To be the preferred Infrastructure Investment Trust in India, specialising in transportation infrastructure. We aspire to become the partner of choice for all our stakeholders while being committed to adhering to best practices in compliance, operations, financial management and environmental sustainability.

## Mission of HIT

- Reaching AUM milestone of ₹ 400 Bn by 2026.
- Focussing on Time-Weighted Rate of Return (TWRR) while maintaining a stable distribution per unit (DPU).
- Acquiring high-quality, returns accretive assets.
- Prioritising safety and Environmental, Social, and Governance (ESG) standards and policies.
- Leveraging technology to optimize operational efficiency and elevate asset performance.

## HIT's Commitment to Sustainability

HIT acknowledges the significant influence of its operations on society and the environment. The organization is dedicated to embedding ESG principles into its decision-making and business practices. This commitment underscores HIT's focus on delivering long-term value to stakeholders, enhancing societal well-being, and safeguarding the planet for future generations.<sup>3</sup>

The organization emphasizes the integration of Environmental, Social, and Governance (ESG) considerations into all facets of its investment and operational decisions. HIT's approach to sustainability includes reducing Scope 1 and 2 emissions, engaging with communities, and implementing best practices in governance, operational efficiency, and asset performance. HIT is also currently in the process of establishing the estimations of scope 3 emissions which paves the pathways for the management to realise the potential opportunities for reducing their value chain-related carbon footprint in the coming years. Through these initiatives, HIT aspires to enhance its reputation as a leader in sustainable infrastructure investment, ensuring long-term value creation for stakeholders and contributing to broader societal goals.

### HIT's Initiatives:











- **Emission management:** HIT is actively focused on emission management through a combination of green initiatives and innovative technologies. To reduce Scope 1 emissions, HIT introduced electric vehicles and scooters at project sites, annually, and optimized fuel usage through GPS-enabled vehicle tracking systems and fuel monitoring tools. For Scope 2 emissions, HIT has done 100% LED conversion and installed solar plants at most of the project sites. Further, HIT is exploring & transitioning to green energy solutions in the near future.
- **Water management:** To conserve water, the company implements the 3Rs (reduce, re-use, and recycle) strategy: reducing water usage through efficient techniques like sprinklers, moisture retention, and native plant species, while reusing rainwater through harvesting structures at all projects, except newly acquired ones. Additionally, recycled rainwater is used for nurturing nursery plantations, further supporting sustainable water management.
- **Waste Management:** To reduce waste generation, the company adopts several waste treatment methods, including reusing material for shoulder repair, bituminous works, and developing village roads to benefit local communities. Additionally, damaged MBCBs are cold reshaped for recycling,

<sup>3</sup> Highways to Sustainable growth: Highways Infrastructure Trust Annual Report 2023-24

while old sign boards are reused with reflective film, and materials are repurposed for vertical posts in safety delineators.

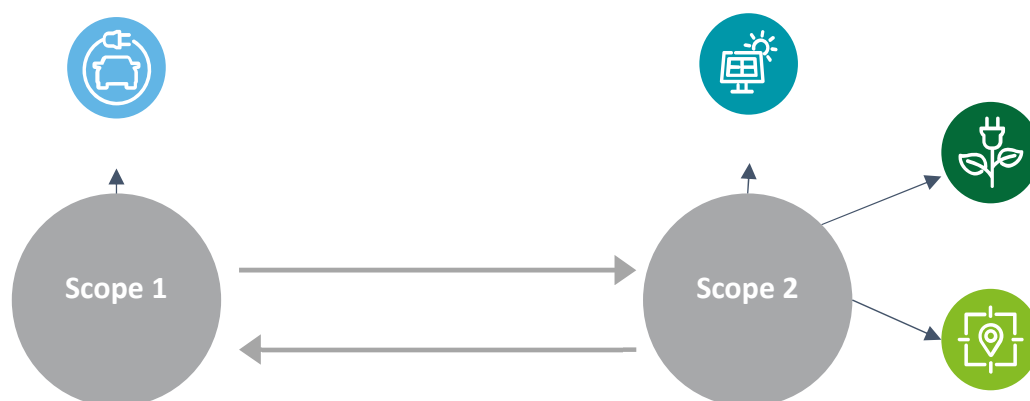
- **Awareness Initiatives:** HIT prioritizes environmental stewardship and conducts regular training for employees and contractors on topics like energy conservation, waste management, and emission reduction. Additionally, HIT celebrates World Environment Day annually on June 5 and in 2023 the theme was focused on “Land Desertification, Desertification & Drought Resilience” at the head office and across all sites, engaging employees and their families in activities focused on Current year’s theme. The activities included employees presenting case studies on land restoration and new sustainability initiatives which they undertook at their home.
- **Reporting:** HIT has developed and issued its first Sustainability Report in 2023. Considering the reporting is not mandatory, HIT has issued this report as its own initiative.

### Focus Areas

Environment	Social	Governance
GHG Emissions	Health, Safety	Cybersecurity
Energy Optimisation	Diversity	Corporate Governance Structure
Water Conservation	Equality	Compliances
Waste Management	Inclusion	Anti-Bribery and Corruption Policy
	Employee Engagement	
	Trainings	
	Community Safety	
	CSR	
	Employee well being	
     	     	   

### Environment: Green Initiatives Paving the Way for Sustainable Roads

HIT’s focus encompasses three critical aspects of environment.



- **Emission Management:**
  - **Focus on Reducing Scope 1 Emissions:**
    - HIT is focussing on the long-term strategy of increasing its adoption of Electric Vehicles (EVs) and Electric Scooters for its own use to reduce the dependencies on fossil fuel consumption for Scope 1. As part of its transition to green energy, HIT procured an electric vehicle (EV) in June 2023 and three electric scooters in February 2023 for operations at the UEPL project site. These initiatives underscore HIT's commitment to minimizing its carbon footprint and promoting sustainable mobility.
    - HIT is also deploying a range of fuel optimization initiatives, including:
      - GPS-Enabled Vehicle Tracking System (VTS): Implemented to monitor travel distances and detect over speeding violations, ensuring safer and more efficient operations.
      - Geo-Fencing Technology: Defined operational areas with geo-fencing capabilities to generate real-time alerts for route deviations.
      - Comprehensive Reporting: Leveraged VTS to generate detailed reports on events, mileage, and fuel consumption, enhancing operational insights.
      - Optimized Vehicle Usage: Rationalized vehicle deployment to improve efficiency and reduce operational mobility costs.
      - IOCL Fuel Fleet Cards: Introduced to monitor mileage and identify discrepancies in fuel usage, promoting accountability and cost control.
  - **Focus for Reduction in Scope 2:** HIT has undertaken several initiatives at its sites to reduce non-renewable energy consumption and optimize energy usage. Key measures include the installation of rooftop solar panels at NBPL, UEPL, BETPL, UTPL, and GEPL facilities, as well as the deployment of energy-efficient LED lighting at DBCPL, UEPL, NBPL, and JPEPL facilities. HIT has also undertaken a feasibility study for additional solar panels installation, based on which HIT aims to install additional solar at each site.

As part of our continuous improvement process, we planned to implement a robust internal controls to ensure the accuracy of GHG emission data collation through a three-tier verification process in the coming years. At the first level, the Site Admin records electricity and fuel consumption data monthly by referring to the DISCOM invoices, fuel bills and log books. In the second level, the Site Safety Manager verifies the data against the bills and submits it, along with supporting documents, to the Head Office (HO) ESG Team as part of the MIS. Finally, at the third level, the HO ESG Team conducts a random verification of data from any of the two sites by cross-checking the respective bills, reinforcing data integrity and accuracy.

### Social Responsibility

At HIT, significant emphasis is placed on social responsibility, with a strong focus on fostering the well-being, growth, and safety of employees, contractors, communities, and all stakeholders. The Trust remains committed to promoting a positive and inclusive environment for all.



## Diversity, Equity and Inclusion (DEI)

The Trust is dedicated to advancing Diversity, Equity, and Inclusion (DEI) across all areas of its operations, with the goal of creating an inclusive culture that embraces diversity and upholds a discrimination-free environment. Although still in its early stages, HIT acknowledges that DEI is a continuous journey and is committed to taking meaningful actions to cultivate a workplace that honors and respects the unique qualities of its employees.

### 3 C's of HIT:

- **Culture:** HIT promotes the vision of Diversity, Equity, and Inclusion (DEI) at all levels by actively working to enhance diversity and equity within its workforce while maintaining an inclusive work environment.
- **Career:** HIT strives to attract and hire a high-performing workforce and is dedicated to fostering career growth by offering equal opportunities for competency development.
- **Communication:** HIT fosters an environment where every employee feels empowered to voice their opinions and encourages transparent communication at all levels. The Trust regularly monitors the implementation and progress of this policy to ensure continuous improvement.

## Sustainability -Linked Finance Framework

### Rationale for Establishing a Sustainability-Linked Finance Framework

HIT recognizes the transformative power of sustainable financing in advancing its ESG goals. By establishing a Sustainability-Linked Finance (SLF) Framework, HIT effectively aligns its financial strategies with measurable sustainability targets. This approach reflects HIT's commitment to addressing climate change, enhancing social responsibility, and promoting transparency in governance. The SLF Framework enables HIT to contribute significantly to India's infrastructure development while delivering long-term value to stakeholders. Moreover, this framework highlights HIT's dedication to innovation and leadership in the infrastructure sector, positioning the Trust as a pioneer in integrating financial performance with sustainability outcomes. Through this initiative, HIT reinforces its commitment to sustainability, ensuring that its financial decisions are directly linked to its ambitious environmental and social objectives.

This framework acts as a strategic tool to advance HIT's sustainability agenda by aligning its financial objectives with key Sustainability Performance Targets (SPTs). By establishing clear and measurable sustainability goals, HIT aims to reduce its environmental footprint, focusing on lowering Scope 1 and Scope 2 emissions.

The SLF Framework is applicable to any future Sustainability-Linked Financing (SLF) instruments HIT may issue, such as bonds, loans, and other debt instruments, linking their terms to HIT's sustainability performance. The framework has been developed in line with globally recognized standards, including the Sustainability-Linked Bond Principles (SLBP) by the International Capital Market Association (ICMA) and the Sustainability-Linked Loan Principles (SLLP) by the Loan Market Association (LMA).

The Framework adheres to the five core principles outlined in the 2023 Sustainability-Linked Bond Principles (SLBP) by ICMA and the 2023 Sustainability-Linked Loan Principles (SLLP) by LMA. These voluntary guidelines promote best practices for integrating forward-looking ESG targets into financial instruments and ensuring integrity in the SLB and SLL markets. The core principles are as follows:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Financial Characteristics
4. Reporting
5. Verification

### Selection of Key Performance Indicators (KPI)

#### KPI 1 definition: Emission intensity (tCO<sub>2</sub>e/lane.km), Scope 1 and 2

**Rationale:** Roads and infrastructure significantly contribute to India's GHG emissions, driven by rapid urbanization, expanding road networks, and rising vehicular traffic. Infrastructure construction adds GHG emissions through usage of raw materials from energy-intensive sectors like cement and steel. Additionally for the construction of new roads and highways leads to deforestation, highlighting the sector's critical role in India's GHG emissions. Although our operations do not have significant emissions, as a leading infrastructure company, we are committed to reduce our total greenhouse gas (GHG) emissions through continuous operation improvement of utility and patrolling vehicles and energy efficiency measures. Emission intensity is a critical metric that helps us measure and track the amount of GHG emissions (tCO<sub>2</sub>e) generated relative to a unit of activity, road length (lane.km). By focusing on emission intensity, we aim to minimize our environmental impact as we scale our operations, ensuring that growth does not come at the expense of sustainability.

The chosen KPI, reduction of Scope 1 and 2 GHG emissions intensity (tCO<sub>2</sub>e/lane.km) is essential for identifying areas where operational efficiencies can be improved, as well as assessing the effectiveness of our emission reduction strategies. By monitoring emission intensity, we can ensure that we are making continuous progress toward our climate goals across the whole applicable perimeter while maintaining high operational performance.

The Trust recognizes the need for actions for its indirect emissions but considering the restrictions under the respective concession agreements signed with the project authorities, there is limited scope of actions to address such indirect emissions which form part of scope 3 emissions. However, to contribute to the decarbonization of the road sector by tackling its own emissions (scope 1 and 2), the Trust acting through its project Special Purpose Vehicles (SPVs) are undertaking various actions for the reduction of Scope 1 and Scope 2 emissions by achieving the targets set out in SLF framework.

**Perimeter/ Underlying Assets:** The organizational boundary considered for this emission accounting is 11 sites owned, managed and maintained by Highway Infrastructure Trust. The 11 sites are spread across seven states with a total lane km of 2,921 km as tabulated below:

No.	Site Name	State	Lane.km
1	DBCPL – Dewas Bhopal Corridor Private Limited	Madhya Pradesh	563
2	STPL: NH16 – Swarna Tollway Private Limited – Tada Nellore	Andhra Pradesh	443



No.	Site Name	State	Lane.km
3	STPL: NH65 – Swarna Tollway Private Limited – Nandigama Ibrahimpatnam	Andhra Pradesh	197
4	JPEPL – Jodhpur Pali Expressway Private Limited	Rajasthan	286
5	GEPL – Godhra Expressways Private Limited	Gujarat	348
6	UTPL – Udupi Tollway Private Limited	Tamil Nadu	361
7	GRICL: AMRP – Gujarat Road and Infrastructure Company Limited – Ahmedabad Mehsana	Gujarat	206
8	GRICL: VHRP – Gujarat Road and Infrastructure Company Limited – Vadodara Halol	Gujarat	127
9	HAM: ANHPL – Ateli Narnaul Highway Private Limited	Haryana	191
10	HAM: RAHPL – Rewari Ateli Highway Private Limited	Haryana	122
11	HAM: GSHPL – Gurgaon Sohna Highway Private Limited	Haryana	77
<b>Total</b>			<b>2,921</b>

**Baseline Year:** HIT has selected FY2023-2024 (i.e., 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) as a baseline for estimating and establishing future trajectory for GHG emissions reduction. This year was selected as a baseline basis for the data availability and accuracy of key activity data (fossil fuel consumption and electricity consumption) across all 11 sites included in the SLF Framework perimeter<sup>4</sup>. The baseline year is considered as a starting point to assess the company's progress towards its intended climate goals and targets. Eight out of 11 sites are added in the organization's boundary during the baseline financial year i.e, FY2023-2024. For establishing the complete fiscal year reporting, the data of these eight sites has been normalized by extrapolating the fuel and electricity consumption. The detailed tabulation of estimated fuel and electricity consumption are provided in Annexure 2.

#### Methodology for Measuring the KPI:

Total GHG emission estimation (including Scope 1 and 2) is estimated in accordance with the globally recognized framework 'Greenhouse Gas (GHG) Protocol – Corporate Accounting and Reporting Standard'. The GHG emissions are estimated in carbon dioxide (CO<sub>2</sub>) equivalent.

Scope 1 emissions are direct emissions arising from sources owned or controlled by an organization, such as fossil fuel combustion in company-owned vehicles, backup DG sets, etc.

Scope 2 emissions are indirect emissions coming from the generation of purchased electricity consumed by the organization. This arises from the production of energy supplied by external utilities.

Scope	Emission activity	Activity description	Data source
Scope 1	i. Diesel	Used in DG Set as a backup	Purchase invoices, data logs,
		Used in company-owned vehicles for patrolling and other utility and maintenance activities	
	ii. LPG	Used in kitchen/canteen for cooking	
	iii. Petrol	Used in company-owned vehicles for patrolling and other utility and maintenance activities	
Scope 2	iv. Grid electricity	Electricity consumed in lighting, various electrical utilities, toll plazas, etc.	Grid electricity invoices

<sup>4</sup> In addition to these 11 sites, HIT manages the operations and maintenance of four additional sites. These four sites are excluded from the operational boundary, as their concession agreements are set to end by 2027.

IPCC defines an emission factor as a coefficient that quantifies the emissions or removals of a gas/fuel per unit activity. Emission factors are often based on a sample of measurement data, averaged to develop a representative rate of emission for a given activity level under a given set of operating conditions. E.g., a particular fossil fuel power plant has a CO<sub>2</sub> emission factor of 0.716 kgCO<sub>2</sub>/kWh generated. The emission factors considered for the estimation of GHG emissions for HIT are sourced from the Intergovernmental Panel on Climate Change (IPCC) emission database for scope 1 and the Central Energy Authority (CEA) Grid electricity database for scope 2 emissions.

The formula to calculate the scope 1 and 2 emissions is as below:

$$\text{Scope 1 emissions} = \text{Fuel consumption}(\text{unit}) * \text{Emission factors} \left( \frac{\text{tCO}_2\text{e}}{\text{unit}} \right)$$

$$\text{Scope 2 emissions} = \text{Purchased electricity (kWh)} * \text{Emission factors} \left( \frac{\text{tCO}_2\text{e}}{\text{kWh}} \right)$$

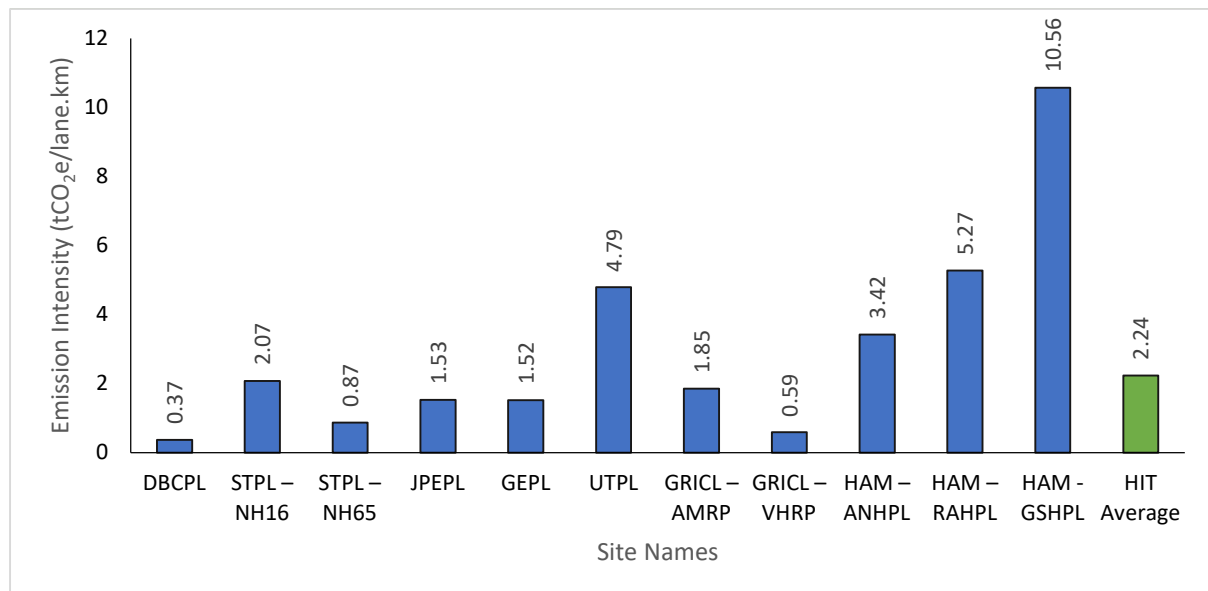
Emission intensity is calculated as the total GHG emissions (both Scope 1 and Scope 2) per unit of relevant activity or operational output (lane kilometer (lane.km)). This allows us to track our emissions relative to the scale of our operations, providing insight into how well we are decoupling emissions from business growth.

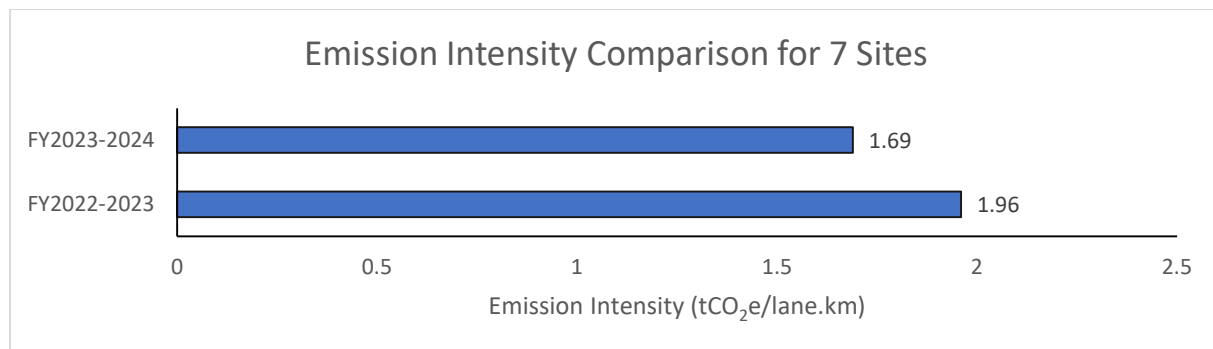
The formula to calculate emission intensity is as follows:

$$\text{Emission Intensity (tCO}_2\text{e/lane.km)} = \frac{\text{Total Operational GHG Emissions (tCO}_2\text{e)}}{\text{Total lane kilometers (lane.km)}}$$

#### Normalized estimates for 11 sites in FY2023-2024:

- Total Scope 1 and 2 GHG emissions = 6,553.6 tCO<sub>2</sub>e
- Total network length of all 11 sites = 2,921 lane.km
- Baseline emission intensity = 2.24 tCO<sub>2</sub>e/lane.km





The above graph represents the emission intensity's historic performance for HIT's seven sites under HIT's management in FY2022-2023 and FY2023-2024. The emission intensity has reduced by approximately 13.6%, mainly due to shifting to LED-based lighting across assets and installation of solar PV systems across selected operational sites.

#### Alignment to UN SDGs:



#### KPI 2 definition: Women's Representation and Inclusion in the Workforce, %

**Rationale:** As part of its corporate responsibility to foster a diverse and inclusive workforce, HIT places a strong emphasis on promoting gender equality, recognizing its importance in achieving both societal and organizational goals. This Key Performance Indicator (KPI) ensures that the company not only complies with regulatory diversity targets but also actively works to create an environment where women are equally represented, valued, and provided with opportunities for leadership and career advancement.

HC1 believes in the principle of 'equal opportunity for all', recognizing that by voluntarily increasing the participation of women in its workforce, it not only fosters diversity but also actively contributes to the empowerment and advancement of women, thereby creating a more inclusive and equitable environment. It is committed to creating a workplace that reflects the principles of diversity, equity, and inclusion. With a structured, time-bound roadmap and leadership accountability, they aim to achieve meaningful and sustainable progress in DEI, aligning with IFC's values and global best practices.

Furthermore, gender diversity can drive up productivity and innovation, by introducing new ways of working, strengthening team dynamics and improving decision-making processes<sup>5</sup>. The value added by more women in the workforce, particularly on key functions,, as well as the different business perspective they provide, is highly appreciated as it enhances stakeholders commitment.

To translate its diverse & inclusive workplace commitment into actions, HC1 has decided to include KPI # 2 in this Framework since (i) it deems it as relevant, core, and material to the their business; and (ii) it is measurable and benchmarkable:

- This KPI is Relevant to HC1 business as it relates to gender parity and equal opportunities which is a relevant topic particularly for a male-dominated industry as the company's industry.

<sup>5</sup> Investing in Women Employment <https://commdev.org/publications/investing-in-womens-employment/>

- It is also core as gender parity and equal opportunities directly relates to its career development and business strategy. The focus on attracting and retaining more women in their workforce and building a strong pipeline at the Group level, contributes positively to company's core processes and operations.
- It is Material to them from an ESG perspective as gender diversity and a diverse workforce, as part of the corporate strategy and culture of the company, is associated with better overall ESG and business performance.

**Methodology and Scope:** The methodology involves collecting data on recruitment, promotions, and compensation to ensure that women's representation is accurately tracked. Gender-based metrics are regularly monitored across all departments and organizational levels.

**Key metrics include:**

- Women's representation in the overall workforce
- Women in leadership and executive roles
- Percentage of women hired annually compared to total hires
- Monitoring and addressing the gender pay gap within the organization, with a focus on reducing disparities

**Perimeter / Underlying assets:** The organizational boundary considered for this KPI is Highways Concessions One Pvt. Ltd. (HC1) (Investment Manager) and HC One Project Manager Pvt. Ltd. All key functions of the company are in HQ and increasing the number of women in the workforce in HQ is material to key decisions on the operations. SPV workforce is mainly contractual and not under the control of the company. As of FY 2023-2024, HIT achieved 18% gender representation across Highways Concessions One Pvt. Ltd. (Investment Manager) and HC One Project Manager Pvt. Ltd. Efforts are ongoing to further enhance this ratio, with plans to update the DE&I policy to support equitable diversity across functions.

According to the Annual Report 2023-2024, HIT's board consists of 25% women (2 out of 8 members), while the management team includes 25% women representation (1 out of 4 members).

**Alignment to UN SDGs:**



**Calibration of Sustainability Performance Targets (SPT)**

SPT for KPI 1 (Scope): Reduce greenhouse gas (GHG) Scope 1 & 2 emissions intensity in tonne of CO<sub>2</sub> equivalent per lane kilometer (tCO<sub>2</sub>e/lane kilometer)

Timeline	Observation Date	Baseline year	Units	Intended target reduction %
Short-term target (Target year: FY 2029 - 2030)	31 <sup>st</sup> March, 2030	FY 2023-2024	%	-27%
			tCO <sub>2</sub> e/lane.km	1.64
Medium-term target year (Target year: FY 2034 - 2035)	31 <sup>st</sup> March 2035	FY 2023-2024	%	-50%
			tCO <sub>2</sub> e/lane.km	1.12

**Strategy to achieve SPTs:**

Recognizing our role as one of the leading infrastructure providers in India, we have set ourselves the target of reducing our CO<sub>2</sub> emissions intensity by FY 2029 - 2030 to ~1.64 tCO<sub>2</sub>e/lane km, a reduction of 27% from the base year of FY 2023 - 2024. By FY2034 - 2035 target is a reduction in intensity to ~1.12 tCO<sub>2</sub>e/lane km, a reduction of 50% from the base year of FY 2023 - 2024.

### Decarbonization levers that we will focus on:

The company is building on existing sustainability initiatives, such as replacing conventional lighting with LEDs, installing Solar PV systems, and implementing operational improvements. During the year 2024, HIT procured one electric vehicle (EV) at UTPL in July 2024 & two EVs at GRICL in August 2024. As of FY 2025, HIT has a fleet size of four EVs & three electric scooters to minimize the GHG emissions associated with the fossil fuel combustion in IC engine vehicles. As part of its strategy, the management plans to aggressively expand its Solar PV capacity from ~0.5 MW to ~1 MW across operational facilities. Additionally, the company is exploring the large-scale electrification of its vehicle fleet with the conversion of Light Motor Vehicles (LMVs) to Electric Vehicles (EVs) across all operational sites. These efforts align with India's Nationally Determined Contributions (NDCs) under the Paris Agreement and its long-term vision of achieving Net Zero by 2070. At the same time, the projection for decarbonization of the Indian electricity grid according to published plans by Central Electricity Authority (CEA) indicates the planned introduction of 500GW of renewable energy capacity which are anticipated to lead to the decline in local grid emissions factor, affecting HIT's Scope 2 emissions, which currently account for 90% of our total emissions due to grid electricity consumption. The targeted 27% emission reduction by FY 2029-2030 builds on projected grid decarbonization with : solar PV installation by HIT. HIT plans to continue to expand PV installation along with the adoption of electric vehicles (EVs) to achieve the targeted 50% emission reduction by 2034-35.

### Benchmarking

- Domestic Benchmarking:

Establishing the baseline and SPTs for KPI 1 has been challenging due to a lack of publicly disclosed emissions performance and targets among domestic peers in India's road sector. While anonymized data for domestic peers was selectively accessible, it is summarized in the following below.

HIT's baseline and targets compare well with leading domestic peers, emphasizing HIT's commitment to meaningful climate action. As part of HIT's climate agenda, the management intends to achieve GHG emission reduction of 27% and 50% by FY2030 and FY2035 respectively.

Selected Indian Roads sector peers Scope 1 & 2 (absolute and intensity) baseline comparison with HIT

KPI dimension	Peer 1	Peer 2	HIT (normalized, excluding sites BETPL, SEPL, NBL, UEPL)
Coverage	7 assets with 2,234.8 lane km	25 assets with 8,450 lane km	11 assets with 2,921 lane.km
Baseline year inventory	<ul style="list-style-type: none"> <li>• Baseline Year: FY2024</li> <li>• Scope 1: 577 tCO<sub>2</sub>e</li> <li>• Scope 2: 9,469 tCO<sub>2</sub>e</li> <li>• Scope 1: Scope 2 ≈ 0.06:1:1</li> <li>• Scope 1 &amp; 2 average intensity = 4.50 tCO<sub>2</sub>e/lane.km [0.26,4.24]</li> </ul>	<ul style="list-style-type: none"> <li>• Baseline Year: CY 2023</li> <li>• Scope 1: 3,153 tCO<sub>2</sub>e</li> <li>• Scope 2: 16,687 tCO<sub>2</sub>e</li> <li>• Scope 1: Scope 2 ≈ 0.20:1</li> <li>• Scope 1 &amp; 2 average intensity = 2.35 tCO<sub>2</sub>e/lane.km [0.24,6.63]</li> </ul>	<ul style="list-style-type: none"> <li>• Baseline Year: FY2023-24</li> <li>• Scope 1: 693.4 tCO<sub>2</sub>e</li> <li>• Scope 2: 5,860.2 tCO<sub>2</sub>e</li> <li>• Scope 1: Scope 2 ≈ 0.12:1</li> <li>• Scope 1 &amp; 2 average intensity = 2.24 tCO<sub>2</sub>e/lane.km [0.24,2.00]</li> </ul>
2030 targets	NA	Reducing emission intensity by 31%	Reducing emission intensity by 27%

KPI dimension	Peer 1	Peer 2	HIT (normalized, excluding sites BETPL, SEPL, NBL, UEPL)
2035 targets	NA	Reducing emission intensity by 52%	Reducing emission intensity by 50%

- International Benchmarking:**

Due to limited disclosure of sustainability targets or plans among peers in India's highway sector, benchmarking primarily relies on international peer comparisons. This analysis reveals that HIT's baseline is lower than that of international peers, with its decarbonization trajectory aligning closely with global benchmarks. The estimated baseline is broadly consistent with international counterparts, and the targeted intensity performance for 2030, projected from the estimated baseline, is similarly aligned with the decarbonization goals set by international peers.

No.	Company	Country	Near-term Scope 1 & 2 goals/targets
1	Autostrade per l'Italia <sup>6</sup>	Italy	Absolute Scope 1 & 2 emission reduction of 67.8% by 2030
2	Brisa - Auto-estradas de Portugal, SA <sup>7</sup>	Portugal	Absolute Scope 1 & 2 emission reduction of 60% by 2030
3	Global Via Infrastructures S.A. <sup>8</sup>	Spain	Absolute Scope 1 & 2 emission reduction of 42% by 2030 and reduction of scope 3 emission by 25% by 2030
4	National Highways <sup>9</sup>	UK	Carbon neutrality (100% reduction of operational emissions, leased assets, business travel, corporate purchases) by 2030
5	ROADIS Transportation Holding SL <sup>10</sup>	Spain	Absolute Scope 1 & 2 emission reduction of 51% by 2030

<sup>6</sup> <https://www.autostrade.it/it/esg-sostenibilita/environment>

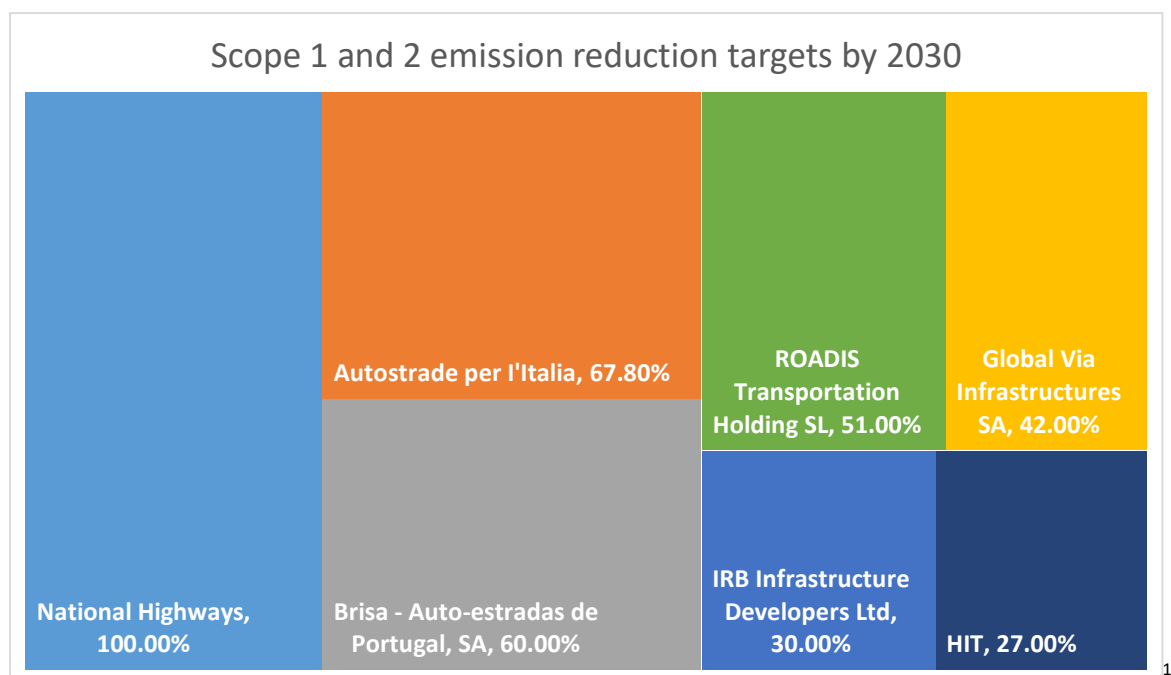
<sup>7</sup> <https://brisagroup.pt/sustainability/>

<sup>8</sup> [Global via Sustainability report](#)

<sup>9</sup> [National Highways UK annual report](#)

<sup>10</sup> [Roadis Transportation](#)





**RECALCULATION EVENTS** The SPTs will be recalculated upon the occurring of the following material changes:

- Material changes in GHG accounting methodology affecting the calculation of Scope 1 and/or Scope 2 GHG emissions including reclassification of Scope 3 emissions to Scope 1 and Scope 2 emissions;
- Ownership structure and/or changes in portfolio/ operational control (including acquisition or divestment of assets, or change in operational control) that lead to a material change in the portfolio composition.
- Assets are included in the perimeter of another sustainability-linked bond with the same KPIs and more ambitious SPTs.
- No recalculation if changes in ownership structure and/or changes in portfolio result from new/additional concessions granted. In this event, issuer is required to demonstrate that management practice in regards to Scope 1 and/or Scope 2 GHG emissions has been consistent for new/additional assets added as for current assets.
- Major changes in the regulatory or technical environment have a material impact on KPIs and SPTs, such as increase in street lighting requirement along the road.
- The consideration for 'material change' as above to be determined on a case-by-case basis, , informed by considerations of whether the assets in question form a significant percentage of the issuer's emissions and/ or are material to HIT's core sustainability and business strategy, and their inclusion or exclusion could be reasonably considered material to investors in the sustainability-linked financing.

#### SPT 2: INCREASE % OF WOMEN PARTICIPATION IN THE WORKFORCE AT HQ LEVEL

Highway Concessions One Private Limited ("HC1") is firmly committed to embedding Diversity, Equity, and Inclusion (DEI) into its organizational culture and practices. The aim is to foster an inclusive

<sup>11</sup> **Chart - Scope 1 and 2 emission reduction targets by 2030** – National Highways intends to achieve 100% reductions of their corporate GHG emissions. lan

environment that celebrates diversity, ensures equity, and eliminates discrimination. At HC1, every employee is given an equal opportunity to contribute and excel, ensuring a sense of belonging and active participation in all aspects of our business. Considering limited number of players in India's highway sector, and even fewer disclosing their targets or plans regarding diversity in the workforce, the assessment relies on publicly accessible information and internal databases.

Targets are ambitious as compared to historic data (see Historic Data and Projections below), with projected targets representing a 0.8% annual increase of women in the workforce (HQ).

- 22% of women in HQ workforce by September 30<sup>th</sup>, 2030, against a baseline of 18.5% measured as of September 30<sup>th</sup>, 2024.
- 27% of women in HQ workforce by September 30<sup>th</sup>, 2035, against a baseline of 18.5% measured as of September 30<sup>th</sup>, 2024.

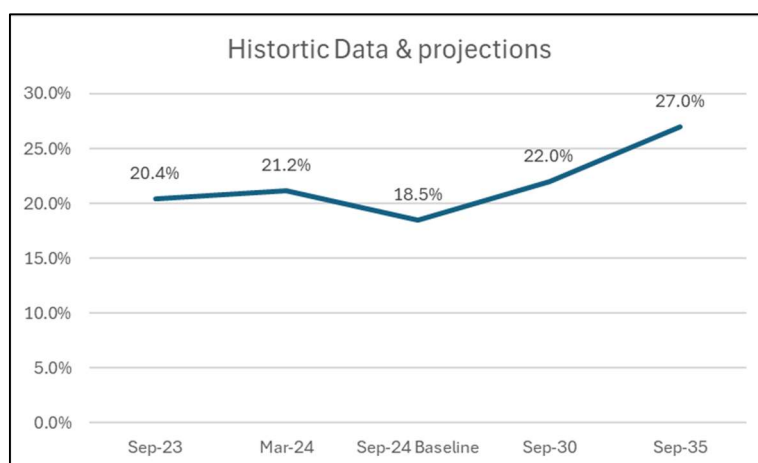
They are also comparable to a domestic peer who reports a 0.7% annual increase to 2035. The benchmarking relies specifically on domestic peers as relevant in the context of India<sup>12</sup>. Regarding international peers reviewed (most of them European), the majority of them report workforce data disaggregated by gender, with an average between 17%-45% women participation in the workforce; and only one peer reports target of 40% but without a baseline.

As of the SPT#2 observation dates, participation of women in HQ workforce, compared to the baseline, will have to be at least equal to the thresholds outlined below:

Timeline	Observation date	Baseline year	Intended target %
Short term target (Target year: FY 2029-2030)	30 <sup>th</sup> September, 2030	30 <sup>th</sup> September, 2024	22%
Medium term target year (Target year: FY 2034-2035)	30 <sup>th</sup> September, 2035	30 <sup>th</sup> September, 2024	27%

<sup>12</sup> Only 37 percent of women in India participate in the labor force across the economy, which is among the lowest in the world, compared to the labor participation rate of 47 percent at the global level. At sector level, Women's participation in the roads and highways sector in India has been growing, but still faces many challenges including socio-economic barriers, lower pay, safety issues and sexual harassment. In addition, significant number of women are not officially employed and hence more vulnerable to abuse and exploitation.

## HISTORIC DATA AND PROJECTIONS OF WOMEN IN WORKFORCE (HQ)



### RECALCULATION EVENTS:

The SPTs will be recalculated upon the occurring of the following material changes:

- Ownership structure and/or changes in portfolio (including acquisition or divestment of assets or change in operational control) that lead to a material change in the portfolio composition.
- Assets are included in the perimeter of another sustainability linked bond with the same KPIs and more ambitious SPTs.
- No recalculation if changes in ownership structure and/or changes in portfolio result from new/additional concessions granted. In this event, issuer required to demonstrate that gender practices are consistent through its operations.
- Major changes in the regulatory environment having a material impact on the KPI and SPTs.
- The consideration for 'material change' as above to be determined on a case-by-case basis, informed by considerations of whether the assets in question form a significant percentage of the issuer's emissions and/or are material to HC1 core sustainability and business strategy, and their inclusion or exclusion could be reasonably considered material to investors in the sustainability-linked financing.

### STRATEGY AND PLAN TO ACHIEVE SPT 2:

To achieve the SPT 2, HC1 is implementing a variety of initiatives, including:

- 1. Retention of Women Professionals**
  - a. Existing positions held by women professionals will be refilled with women professionals in the event of attrition.
- 2. Focused Replacement Strategy**
  - a. Identify specific positions that, upon vacancy, will be prioritized for hiring women professionals.
- 3. New Positions Preference**
  - a. For newly created roles due to business expansion, women candidates with comparable skills will be given first preference during recruitment.
- 4. Diversity-Centric Recruitment Practices**
  - a. Partner with recruitment agencies and talent pools specializing in diverse hiring.
  - b. Strengthen hiring practices to minimize unconscious bias, ensuring a fair and equitable process.
- 5. Leadership Accountability**

- a. Link DEI metrics to leadership performance evaluations and incentives, ensuring commitment from the top.

#### **6. Women-Oriented Improved Practices**

- a. Flexible Work Arrangements: Introduce options like remote work flexible hours etc to support work-life balance for women.
- b. Enhanced Maternity and Caregiver Benefits: Provide extended maternity leave, childcare support, and resources for working mothers.
- c. Development Programs: Introduce leadership development and skill-building programs tailored to women professionals to support career progression.

#### **7. CSR Outreach and Partnerships (primarily SITE Oriented)**

- a. Collaborate with women's colleges, universities, and NGOs focused on women empowerment.
- b. Conduct career fairs, seminars, and outreach programs to attract diverse talent.

#### **8. Apprenticeship Program for Women Freshers (primarily SITE Oriented)**

- a. Launch an apprentice program targeting women graduates and diploma holders, with an emphasis on underrepresented regions and socio-economic backgrounds.
- b. Provide structured training and mentorship to prepare them for full-time roles.

### **Monitoring and Reporting**

HC1 will track DEI progress through measurable metrics and regularly update IFC and stakeholders.

### **KEY RISKS TO MEETING THE SPTS INCLUDE BUT ARE NOT LIMITED TO:**

#### **KPI 1**

- Material increase in street lighting requirements because of changes in regulatory and technical changes.
- Constraints to secure the relevant permissions for installation of own renewable energy generation equipment, or on acceptable economic terms.
- Limited availability of renewable energy electricity supply on the national market, in the volumes, at the point in time, or the economic terms required.
- Evolution of the policy, legal or technical framework in a way which hampers achievement of targets or hinders national grid decarbonization.

#### **KPI 2**

- Cultural barriers that prevent women to be included in the workforce.
- Low availability of women with the required skills.

## Financial Characteristics of instrument

Performance against the selected KPI will be tied to the financial structure of any Sustainability-Linked Instrument issued in accordance with this Framework. Specifically, if the SPT associated with its respective KPI is not met on the SPT verification dates occurring within the agreed timeframe after the end of each target year, this will result in a coupon rate adjustment. The adjustment mechanism will be specified in each relevant documentation of the specific transaction (e.g. Final Terms of the relevant Sustainability-Linked Bond).

## Reporting

A report detailing the progress made towards the achievement of the SPTs for each KPI used in each financial instrument issued under this SLF Framework will be made publicly available, once in 2 years.

Reporting will include:

1. up-to-date information on the performance of the selected KPIs, including calculating methodologies and baselines where relevant.
2. with reference to each KPI, up-to-date information outlining the performance against the SPT and the related impact, and timing of such impact, on the structural and/or financial characteristics of the financial instrument (only for years when the performance towards SPTs will be verified).

A verification assurance report relative to the reporting including the above points, only for years when the performance towards SPTs will be verified. (i.e in 2030 & 2035)

Information may also include when reasonably feasible and available:

1. Qualitative or quantitative explanation of the contribution of the main factors behind the evolution of the KPIs' performances after review of the same on the Target testing date. (e.g., M&A activities).
2. Illustration of the positive sustainability impacts of the performance improvement
3. Any re-assessments of KPIs and/or restatement of the SPTs and/or proforma adjustments of baselines or KPI scope, if relevant.

## Verification

### Pre- Issuance

A second-party opinion on the alignment of the Framework and the associated documentation with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles, including an assessment of the relevance, robustness, and reliability of selected KPIs, the rationale, and level of ambition of the proposed SPTs, the relevance, and reliability of selected benchmarks and baselines, and the credibility of the strategy outlined to achieve them, based on scenario analyses, where relevant..

In the event of material changes to the Framework including, but not limited to, any updated versions of ICMA's SLBPs, another SPO will be provided.

The SPO will be publicly disclosed on HIT's website.

HIT will also publish on its website any other external review and assessment deemed useful to provide insurance of contribution to sustainability and alignment with SLBP and SLLP of this Framework.

### Post Issuance

Post issuance, on SPT verification dates a qualified external reviewer will be engaged to review the performance of KPI(s) against SPT following an SPT verification date. The verification will be made publicly available and published on HIT's website.



## Annexures

### Annexure 1: Portfolio of assets<sup>13</sup>

No.	Asset name	Asset Acronym	Length (lane.km)	No. of lanes	No. of toll plazas	State	Asset type	Concession end year
1	Dewas Bhopal Corridor Private Limited	DBCPL	563	4	3	Madhya Pradesh	Toll	FY 2033
2	Swarna Tollway Private Limited – Tada Nellore	STPL – TN (NH 16)	443	4	3	Andhra Pradesh	Toll	FY 2031
3	Swarna Tollway Private Limited – Nandigama Ibrahimpatnam	STPL – NI (NH 65)	197	4	1	Andhra Pradesh	Toll	FY 2031
4	Jodhpur Pali Expressway Private Limited	JPEPL	286	4	2	Rajasthan	Toll	FY 2043
5	Godhra Expressways Private Limited	GEPL	348	4	1	Gujarat	Toll	FY 2043
6	Udupi Tollway Private Limited	UTPL	361	4	3	Karnataka	Toll	FY 2036
7	Gujarat Road and Infrastructure Company Limited – Ahmedabad Mehsana	GRICL – AM	206	4	4	Gujarat	Toll	FY 2033
8	Gujarat Road and Infrastructure Company Limited – Vadodara Halol	GIRCL – VH	127	4	4	Gujarat	Toll	FY 2031
9	Ateli Narnaul Highway Private Limited	ANHPL	191	4 / 6	0	Haryana	HAM	FY 2037
10	Rewari Ateli Highway Private Limited	RAHPL	122	4	0	Haryana	HAM	FY 2037
11	Gurgaon Sohna Highway Private Limited	GSHPL	77	6	0	Haryana	HAM	FY 2037

<sup>13</sup>

No.	Asset name	Asset Acronym	Length (lane.km)	No. of lanes	No. of toll plazas	State	Asset type	Concession end year
12	Shillong Expressway Private Limited	SEPL	98	2	0	Meghalaya	Annuity	FY 2027
13	Bangalore Elevated Tollway Private Limited	BETPL	184.5	Elevated – 4 lane. At grade – 6 lane	5	Karnataka	Toll	FY 2027
14	Ulundurpet Expressways Private Limited	UEPL	292	4	1	Tamil Nadu	Toll	FY 2027
15	Nirmal BOT Private Limited	NBL	124	4	0	Telangana	Annuity	FY 2028

Note: The highlighted rows in the above table, marked with red font, indicate the four operational sites whose concession period with HIT ends before the short-term target year of FY 2029-2030. Therefore, these sites have not been considered in the estimation of KPI and SPT

## Annexure 2: Extrapolation of activity data

Note: The tables below present the consolidated summary of activity data for 11 sites within the operational boundary for the GHG emission inventory. The rows highlighted with a yellow background indicate the sites that were added to the HIT assets during FY 2023-2024, with limited reported data covering two to five months. These activity data have been normalized and extrapolated to 12 months to establish the total annual GHG emissions inventory.

- Table A: Diesel consumption data
- Table B: Petrol consumption data
- Table C: Purchased electricity consumption data

Table A: Diesel consumption data

No.	Site Name	Reported value (liters)	No. of reported month	Average per month consumption (liters)	Annual consumption (liters)
1	DBCPL	18,907	12	1,576	18,907
2	STPL NH16	15,107	2	7,554	90,644
3	STPL NH65	4,222	2	2,111	25,332
4	JPEPL	16,620	12	1,385	16,620
5	GEPL	30,228	12	2,519	30,228
6	UTPL	20,598	5	4,120	49,436
7	GRICL – VHRP	393	2	197	2,358
8	GRICL – AMRP	290	2	145	1,740
9	ANHPL	0	4	0	0
10	RAHPL	0	4	0	0
11	GSHPL	0	4	0	0
12	Total	1,06,365	NA	NA	2,35,265

Table B: Petrol consumption data

No.	Site Name	Reported value (liters)	No. of reported month	Average per month consumption (liters)	Annual consumption (liters)
1	DBCPL	0	12	0	0
2	STPL NH16	294	2	147	1,764
3	STPL NH65	0	2	0	0
4	JPEPL	0	12	0	0
5	GEPL	0	12	0	0
6	UTPL	123	5	25	295
7	GRICL – VHRP	0	2	0	0
8	GRICL – AMRP	0	2	0	0
9	ANHPL	0	4	0	0
10	RAHPL	0	4	0	0
11	GSHPL	0	4	0	0
12	Total	417	NA	NA	2,059

Table C: Purchased electricity consumption data

No.	Site Name	Reported value (kWh)	No. of reported month	Average per month consumption (kWh)	Annual consumption (kWh)
1	DBCPL	2,08,008	12	17,334	2,08,008
2	STPL NH16	1,48,483	2	74,241	8,90,892
3	STPL NH65	22,410	2	11,205	1,34,460
4	JPEPL	5,34,935	12	44,578	5,34,936
5	GEPL	6,04,572	12	50,381	6,04,572
6	UTPL	9,07,129	5	1,81,426	21,77,112
7	GRICL – VHRP	15,552	2	7,776	93,312
8	GRICL – AMRP	86,146	2	43,073	5,16,876
9	ANHPL	2,99,119	1	74,780	8,97,360
10	RAHPL	2,94,883	1	73,321	8,79,852
11	GSHPL	3,72,880	1	93,220	11,18,640
12	Total	34,94,117	NA	NA	80,56,020

## Abbreviations & Acronyms

ANHPL	Ateli Narnaul Highway Private Limited
AUM	Assets Under Management
BETPL	Bangalore Elevated Tollway Private Limited
CRISIL	Credit Rating Information Services of India Limited
DBCPL	Dewas Bhopal Corridor Private Limited
DEI	Diversity, Equity and Inclusion
DG	Diesel Generators
GEPL	Godhra Expressways Private Limited
GHG	Greenhouse Gases
GIRCL – VH	Gujarat Road and Infrastructure Company Limited – Vadodara Halol
GPS	Global Positioning System
GRICL – AM	Gujarat Road and Infrastructure Company Limited – Ahmedabad Mehsana
GSHPL	Gurgaon Sohna Highway Private Limited
HAM	Hybrid Annuity Model
HIT	Highway Infrastructure Trust
ICMA	International Capital Market Association
IOCL	Indian Oil Corporation Limited
IPCC	Intergovernmental Panel on Climate Change
JPEPL	Jodhpur Pali Expressway Private Limited
KPI	Key Performance Indicator
kWh	kilowatt hour
LED	Light-emitting diode
LMA	Loan Market Association
NBL	Nirmal BOT Private Limited
RAHPL	Rewari Ateli Highway Private Limited
SEPL	Shillong Expressway Private Limited
SLB	Sustainability-Linked Bond
SLF	Sustainability-Linked Financing
SLFF	Sustainability-Linked Finance Framework
SLLP	Sustainability-Linked Loan Principles
SPT	Sustainability Performance Targets
STPL – NI (NH 65)	Swarna Tollway Private Limited – Nandigama Ibrahimpatnam
STPL – TN (NH 16)	Swarna Tollway Private Limited – Tada Nellore
tCO <sub>2</sub> e	tonnes of carbon dioxide equivalent
TWRR	Time-Weighted Rate of Return
UEPL	Ulundurpet Expressways Private Limited
UTPL	Udupi Tollway Private Limited
VTS	Vehicle Tracking System