

EUSOLAG European Solar AG

Lurgiallee 14, 60439 Frankfurt am Main, Germany

GREEN FINANCE FRAMEWORK

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1. INTRODUCTION

About EUSOLAG

EUSOLAG European Solar AG “EUSOLAG” invests in and holds solar farms across European countries. We are making a strenuous effort to fight climate change by providing 100% renewable energy to the European market. Solar power has reached price parity to traditional- and fossil- fueled energy generation. We are hard at work to make newly installed solar farms price competitive with existing fossil-fueled energy generators, as we sincerely believe that it is the market, not the taxpayers, who holds the solution to climate change.

EUSOLAG is reaching the goals together with our customers, large corporations sourcing renewable energy and utilities looking to provide consumers with green power. We invest in solar parks and hold them with low risk, for the long-term contributing to a better future.

Business overview

Our business model is focused on the development, financing, construction of solar PV power plants as well as the asset management of such plants. The Issuer will finance and develop with local independent developers’ assets, assuming little-to-none development risk taking over fully commissioned PV farms on the grid. The Issuer continues to generate revenues from farms through ownership and asset management. The Issuer aims to be among the leading holders solar PV parks in Europe. Further, the Issuer seeks to be the preferred partner of developers and local commercial banks with a wish to support our investment in solar energy generation.

Since EUSOLAG was founded in 2022, we have secured a considerable know-how in all the stages of the solar power value chain. This expertise ranges from identifying new sites and securing financing to identifying the best-positioned developer to manage the actual construction process and ensuring the reliable commissioning and hand-over of the assets. Figure 1 illustrates the value chain and timeline in greater detail.

Our three main business areas include:

- Project development (including acquisition of partly or wholly developed projects), financing, construction and divestment of fully commissioned solar PV farms
- Sale of electricity from operational solar PV farms
- Asset management

Our pipeline and signed contracts for ownership acquisitions of fully commissioned and operating PV farm assets spans Europe.

Illustration of EUSOLAG's value chain and indicative time frames

	Develop (6-24 months)	Project Finance (1-3 months)	Construct (3-6 months)	Commissioning (1-3 months)	Asset Management (Ongoing)
Key actors	<ul style="list-style-type: none"> Independent third parties in collaboration with EUSOLAG 	<ul style="list-style-type: none"> EUSOLAG with local commercial banks (Project Finance) 	<ul style="list-style-type: none"> Independent third parties EUSOLAG observer role 	<ul style="list-style-type: none"> Independent third parties EUSOLAG Local commercial banks 	<ul style="list-style-type: none"> EUSOLAG
Activities	<ul style="list-style-type: none"> Land purchase Grid connection permitting Building permitting PPA negotiation 	<ul style="list-style-type: none"> SPV structuring Legal financial and technical DD Senior secured financing contracts 	<ul style="list-style-type: none"> Observe EPC selection 	<ul style="list-style-type: none"> Evaluation of achievement of Conditions Precedent in SPAs Hand-over of ownership and risk 	<ul style="list-style-type: none"> Administer own power plants Manage operation agreement
Risk Management	<ul style="list-style-type: none"> Project specific risk assessment Appraise probability for Grid connection permitting Evaluate PPA terms 	<ul style="list-style-type: none"> Commercial banks impose conditions to reduce risk Senior secured loans 	<ul style="list-style-type: none"> Full-service operations and maintenance contracting 	<ul style="list-style-type: none"> Final securitization-related activities 	<ul style="list-style-type: none"> Monitor production, financial and technical performance
EUSOLAG Competencies	<ul style="list-style-type: none"> Use proprietary network to pick local developers best positioned to develop projects to the end Leverage internal knowledge and experience to define mix of PPA / spot market (DAM) 	<ul style="list-style-type: none"> Negotiation of financial conditions and structure 	<ul style="list-style-type: none"> Support local development partners in negotiations with EPC 	<ul style="list-style-type: none"> Skilled in-house M&A and project finance expertise 	<ul style="list-style-type: none"> Use in-house investment and asset management expertise in commercial and infrastructure projects

Sustainability commitments and focus areas



EUSOLAG is committed to aligning itself with international guidelines and developments such as the 10 principles of the UN Global Compact on human and labour rights, the environment and anti-corruption. In addition, we align our work to maximize our positive impact and reduce our negative impact on the UN Sustainable Development Goals.

Our contribution is particularly demonstrated in seven of these goals: UN SDG 7, 8, 9, 12, 13, 15 and 17. EUSOLAG have redesigned its sustainability focus areas to foster a greater integration between our business model and sustainability. Our focus areas have been developed taking into consideration the UN Global Compact focus areas and the Sustainable Development Goals

Core Sustainability Actions		
Climate Action	Local Action	Corporate Action
<p>EUSOLAG’s core business lies in investing in solutions to fight and reverse climate change. We achieve this through the construction and operation of solar PV farms. We take climate action seriously and understand the impact that our investments, albeit indirectly through underlying construction and operation activities, have on CO2 emissions as well as on the environment surrounding our parks. As such, we minimize our impact as much as possible through initiatives that require developers to protect biodiversity and by taking a first step to collect data on our scope 1 and 2 GHG emissions.</p>	<p>We make sure that the land on which our parks are built can serve multiple purposes. As such, EUSOLAG ensures our developers actively take part in local citizen hearings taking place at the municipalities where our projects are being built. It is important for us to proactively initiate a community dialogue from an early-start to ensure an inclusive green energy transition takes place. We are also focused on transparently disclosing our paid and payable taxes per country as well as tax losses carried forward. We also require developers working for our investments to ensure a safe working environment for their employees and those involved in our commissioned projects.</p>	<p>Employees of our developers and our investment vehicles are at the core of our business. It is their talent, commitment and mission driven approach to a world run on reliable, affordable and clean energy that leads our results. We have updated our code of conduct which outlines the guiding principles for good business practices. The policy addresses topics such as a healthy and safe working environment, human rights best practices and anti-corruption standards. Our code of conduct can be viewed here.</p>

2. GREEN FINANCE AT EUSOLAG

This Green Finance Framework (“Framework”) is aligned with the Green Bond Principles published by the International Capital Markets Association (ICMA) in 2021. This allows EUSOLAG to use Green Bonds which are used to finance, or re-finance, Eligible Assets. Instruments issued in accordance with this framework are all ‘use-of proceeds’. For the avoidance of doubt, this refers to 100% Green proceeds for bonds. However, other instruments may be subject to a 90% threshold on EBITDA of the EUSOLAG Group, in which case that will be specified in the final instrument documentation. EUSOLAG may take on other types of ‘Green’ or ‘sustainable’ debt financing not governed by this framework, such as Sustainability-Linked debt. It is our intention to follow best practices in the market as these develop.

EUSOLAG intends the Framework to be aligned with the Climate Delegated Acts of the EU Taxonomy (“EU Taxonomy”), published in April 2021.

USE OF PROCEEDS

The net proceeds of the Green Bonds issued by EUSOLAG or its subsidiaries will be used to finance or re-finance Eligible Assets that have been evaluated and selected by EUSOLAG in accordance to this Green Finance Framework. To the extent feasible Eligible Assets will be allocated to new projects. In cases where proceeds are allocated to existing projects EUSOLAG will endeavour to target a look-back period of maximum 3 years. The Eligible Assets may be wholly- or partially owned by EUSOLAG and its subsidiaries but allocated proceeds will not exceed the total value of the share owned by EUSOLAG and its subsidiaries.

Eligible Assets are on a best effort basis aligned with the EU Taxonomy and contribute to the disclosed Climate Change Mitigation measures. Specifically the economic activities targeted are focused on solar power generation.

Eligible Assets

Proceeds allocated to Eligible Assets target specific climate related objectives of reducing greenhouse gas emissions through the production of renewable energy. Such Eligible Assets may cover both capital expenditures and operational expenditures, such as through labour costs or spending on R&D. Proceeds will not be used to finance investments linked directly to fossil nor nuclear energy generation.

ICMA GBP Category	EU Taxonomy	Description of projects	UN SDG mapping
Renewable Energy	<p>4.1. Electricity generation using solar photovoltaic technology</p> <p>9.1. Close to market research, development and innovation</p>	<ul style="list-style-type: none"> Development and construction of renewable energy projects such as solar power. Research and Development projects related to solar power. 	 

SELECTION AND EVALUATION OF ELIGIBLE ASSETS

EUSOLAG's business model ensures a strong focus on fully commissioned project development with third party developers. As part of this business model the investment committee, composed of members from the management team, oversees all investment decisions. In extension of these decisions the committee is responsible for ensuring that only projects aligned with the criteria set out above, including the alignment with the EU Taxonomy, will be selected as Eligible Assets.

In relation to the EU Taxonomy, the investment committee will, on a best-efforts basis, specifically ensure alignment of each Eligible Assets with the EU Taxonomy in the following areas (1) substantial contribution to at least one of the six environmental objectives, (2) do-no significant harm (DNSH) to other environmental objectives, and (3) minimum safeguards.

MANAGEMENT OF PROCEEDS

EUSOLAG has established a Green Finance Register in relation to Green Finance Instruments issued by EUSOLAG for the purpose of monitoring the Eligible Assets and the allocation of the net proceeds from Green Finance Instruments to Eligible Assets.

Given the inherent nature of EUSOLAG's business model, as described above, allocated Eligible Assets may be sold, refinanced, or otherwise deemed non-Eligible for proceeds. In such situations, they will be removed from the Green Finance Register.

EUSOLAG will over the duration of the outstanding Green Finance Instruments build up and maintain an aggregate amount of Assets in the Green Finance Register that is at least equal to the aggregate net proceeds of all outstanding EUSOLAG Green Finance Instruments.

There may be periods when the total outstanding net proceeds of Green Finance Instruments exceed the value of the Eligible Assets in the Green Finance Register. Any such portion will be held in accordance with EUSOLAG's normal liquidity management policy. For the avoidance of doubt, this excludes the investments into activities within fossil fuel, nuclear, weapons and defence.

The Green Finance Register will form the basis for the impact reporting.

REPORTING

EUSOLAG, including where relevant, subsidiaries, will annually publish a report on the allocation and impact of Green Finance Instruments issued under this framework. Where relevant EUSOLAG will seek to align the reporting with the latest standards and practices as identified by ICMA. The impact report will, to the extent feasible, also include a section methodology, baselines and assumptions used in impact calculations. Further, EUSOLAG expects to align with ongoing market developments around reporting allocation and impact via an online database.

Allocation Reporting

The allocation report will, to the extent feasible, include the following components:

- A list of all Eligible Assets funded including amounts allocated
- Detailed descriptions and case studies of selected Eligible Assets financed
- Amounts invested in each sub-category as defined in the Use of Proceeds section and the relative share of new financing versus refinancing

Impact Reporting

EUSOLAG will strive to report on the actual environmental impact of the investments financed by their Green Finance Instruments. If/when actual impact for some reason is not observable, or unreasonably difficult to source, estimated impact will be reported.

The impact indicators may vary with investment category, as defined in this Green Finance Framework. The impact metrics selected may include the following:

- Renewable Energy
 - Total capacity of renewable energy installed (MW or GW)
 - Annual renewable energy generation (MWh or GWh)
 - Annual GHG emissions reduced and/or avoided (tonnes CO₂-equivalent)

EXTERNAL REVIEW

EUSOLAG has engaged ISS ESG / Institutional Shareholder Services Corporate Solutions to act as an external verifier of this Green Finance Framework and the Eligible Assets by way of a Second Party Opinion. This review includes an assessment on the alignment of Eligible Assets with the EU Taxonomy. The Second Party Opinion is publicly available on EUSOLAG website.

Further, EUSOLAG will endeavor to engage an external party to conduct a Third-Party Audit of the allocated proceeds.