

SECOND PARTY OPINION

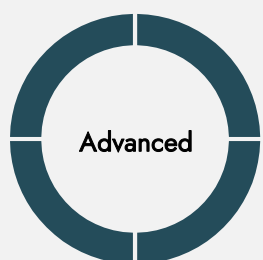
on the sustainability of GoldenPeaks Capital's Green Bond Framework

V.E is of the opinion that GoldenPeaks Capital's Framework is **aligned** with the four core components of the Green Bond Principles 2018 ("GBP") and is in line with the **best practices** identified by V.E.



Framework

Contribution to Sustainability:



○ Advanced ○ Limited

○ Robust ○ Weak

Expected impacts

ESG risks management

SDG Mapping



Characteristics of the Framework

Green Project Categories	⇒ Renewable Energy (Solar PV)
Project locations	Poland and Hungary
Existence of framework	Yes
Share of refinancing	0%

Issuer – as of November 2020

Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

Controversial Activities

The Issuer appears to not be involved in any of the 17 controversial activities screened under our methodology:

- | | | | |
|---|--|---|--|
| <input type="checkbox"/> Alcohol | <input type="checkbox"/> Fossil fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Coal | <input type="checkbox"/> Human embryonic stem cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tar sands and oil shale |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power | <input type="checkbox"/> Tobacco |
| <input type="checkbox"/> Civilian firearms | | | |

Coherence

Coherent
Partially coherent
Not coherent

We are of the opinion that the Issuer's Framework is coherent with GoldenPeaks Capital's strategic sustainability priorities and sector issues and contribute to achieving the Issuer's sustainability commitments.

Keys findings

V.E is of the opinion that GoldenPeaks Capital's Green Bond Framework is **aligned** with the four core components of the GBP and **the best practices** identified by V.E.

Use of Proceeds – aligned with GBP and best practices identified by V.E

- The Eligible Category is clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria and the location of Eligible Projects. The Environmental Objectives are clearly defined, these are relevant for the Eligible Category and set in coherence with sustainability objectives defined in international standards. The Expected Environmental Benefits are clear and precise, they are considered relevant, measurable, and have been estimated ex ante with clear baselines for the eligible category. The Issuer has transparently communicated that there will be no refinancing.

Evaluation and Selection - aligned with GBP and best practices identified by V.E

- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation, internal and external monitoring of eligible projects). The roles and responsibilities are clear and include relevant internal expertise. The Process will be publicly disclosed in the Issuer's Framework and in the SPO. Eligibility criteria (selection and exclusion) for project selection have been clearly defined and detailed by the Issuer for the Eligible Projects. The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the herewith SPO). The Process is considered robust: it combines monitoring, identification and corrective measures for all projects (see detailed analysis on pages 13 - 15).

Management of Proceeds - aligned with GBP and best practices identified by V.E

- The process for the Management and Allocation of Proceeds is clearly defined and detailed and publicly available in the SPO. The allocation period will be 12 months or less. The amount equivalent to the net proceeds of the Bonds will be tracked by the Issuer in an appropriate manner and attested in a formal internal process. Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed. The Issuer has committed that as long as the Bonds is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects made during that period. The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Bond Framework within 6 months.

Reporting – aligned with GBP and best practices identified by V.E

- The Issuer has committed to report on the Use of Proceeds six months after a Green Bond's issuance date and every six months thereafter, until maturity and on a timely basis in case of material developments. The report will be publicly available. The report will be externally verified, this verification will also be disclosed to investors only. The reporting will cover relevant and exhaustive information related to the allocation of Bond proceeds and to the expected sustainable benefits of the Category. The Issuer has also committed to report on material developments related to the projects. The reporting methodology and assumptions used to report on environmental benefits of the eligible category will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds and indicators used to report on environmental benefits of the eligible projects bond maturity and in case of material developments.

Contact

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SCOPE

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Green Bond Framework¹ (“Framework”) of GoldenPeaks Capital (“GPC” or the “Issuer”) created to govern their issuances.

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Green Bond Principles (“GBP”) voluntary guidelines - edited in June 2018.

Our opinion is built on the review of the following components:

- Issuance: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental commitments, the Bonds’ potential contribution to sustainability and its alignment with the four core components of the GBP 2018.
- Issuer: we assessed the Issuer’s management of potential stakeholder-related ESG controversies and its involvement in controversial activities².

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from V.E’s exclusive ESG rating database, and (iii) information provided from the Issuer, through documents and interviews conducted with the Issuer’s managers and stakeholders involved in the Bonds issuance, held via a telecommunications system.

We carried out our due diligence assessment from October 23rd to November 16th, 2020. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

Scope of External Reviews

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The “Green Bond” is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name “Green Bond” has been decided by the Issuer: it does not imply any opinion from V.E.

² The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

We are of the opinion that the Issuer's Framework is coherent with GoldenPeaks Capital's strategic sustainability priorities and sector issues and contribute to achieving the Issuer's sustainability commitments.

The Electric & Gas Utilities sector has a major role to play in the fight against climate change and the protection of the environment. Companies financing renewable energy projects contribute to climate change mitigation and energy transition by increasing the development of renewable energy production and thus reducing global greenhouse gas (GHG) emissions. In addition, the complexity and specificities of impacts related to their activities call for specific measures to ensure the appropriate management of social and environmental related risks, namely biodiversity protection, environmental management systems, health and safety and the promotion of responsible relations with the communities where they operate.

The European "Green Deal" has paved the way for the European Union to become climate neutral by 2050, through decarbonisation of all sectors of the economy and higher reductions in greenhouse gas emissions by 2030.

The 2009 Renewable Energy Directive (2009/28/EC) had set a requirement for the European Union to fulfil at least 20% of its total energy needs with renewable energy by 2020. The 2018 recast Directive (2018/2001/EU) has provided an updated new binding renewable energy target for the EU for 2030 of at least 32%.

Solar is reported to be the fastest growing renewable power source. In 2019, out of an increase of 200 GW of renewable power additions globally, solar PV accounted for 58%. In addition, coal represents 79% of Poland's power mix (versus 19% for EU averages) and thus the development of solar projects will be a critical element of Poland's energy transition in the coming years. Furthermore, by 2030, Hungary will phase out all coal-fired power generation capacity by 2030,³ will reach approximately 20% of renewable energy share in primary energy demand, will increase its solar power capacity by ten times.⁴

GoldenPeaks Capital appears to acknowledge its responsibility in achieving a low carbon and sustainable society. The Group is notably targeting the development of solar PV projects in Eastern Europe as well as South-East Asia and Latin America.

GPC has the following projects under construction and in the pipe:

- GPC owns over 1GW of wind and solar projects and is currently constructing 550MW which will connect to the grid in 2021;
- A further pipeline of 1GW will be developed over the next 36 months;
- GPC has secured a further 360MW in solar power in a central European country which will be announced early in 2021 and is negotiating a further 400MW in a southern European country.

By issuing a Bond to finance the development, construction and operation of solar PV projects in Poland and Hungary, the Issuer coherently aligns with its sustainability strategy and commitments and addresses important sustainability issues of the sector.

³ <https://ieefa.org/greece-hungary-announce-coal-phaseout-plans/>

⁴ <https://www.iea.org/policies/5913-2030-energy-strategy-of-hungary>

ISSUANCE

The Issuer has described the main characteristics of the Bonds within a formalised Green Bond Framework which covers the four core components of the GBP 2018 (the last updated version was provided to V.E on November 13th, 2020). The Issuer has committed to make this document publicly accessible on its website⁵, in line with good market practices.

Alignment with the Green Bond Principles

Use of Proceeds



The net proceeds of the Bonds will exclusively finance, in part or in full, projects falling under one Green Project Category ("Renewable Energy"), as indicated in Table 1.

- The Eligible Category is clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria and the location of Eligible Projects.
- The Environmental Objectives are clearly defined, these are relevant for the Eligible Category and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear and precise, they are considered relevant, measurable, and have been estimated ex ante with clear baselines for the eligible category.
- The Issuer has transparently communicated that there will be no refinancing.

BEST PRACTICES

- ⇒ Content, eligibility and exclusion criteria are clear and in line with international standards for the category.
- ⇒ Relevant environmental benefits are identified and measurable for the category.
- ⇒ The expected benefits have been estimated ex ante with clear baselines for the eligible category.
- ⇒ The issuer has transparently communicated that there will be no refinancing.

⁵ <https://www.goldenpeakscapital.com/>



Table 1. V.E' analysis of Eligible Category, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework and internal documentation.

- Nature of expenditures: CAPEX only
- Location of Eligible Projects: Poland and Hungary

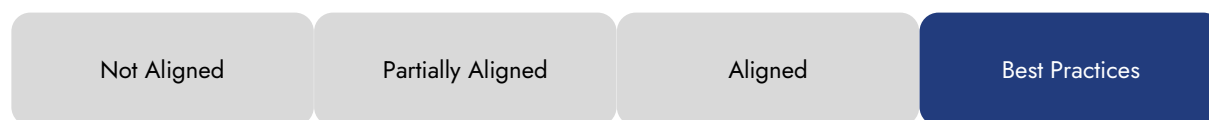
ELIGIBLE CATEGORY	ELIGIBLE SUB-CATEGORY	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Renewable Energy	<p>On-Ground Solar Panels (PV) in Poland and Hungary (<1 MW) sourced from China.</p> <p>The Issuer has estimated that each MW installed in Poland will avoid 917,48 CO2 tonnes/year saved. Calculation for Hungary will be disclosed in the reporting.</p> <p>The Issuer has planned to install 86 MW of photovoltaic panels in Poland for the first issuance and 250 MW in the future. GPC expects around 70% of development to be located in Poland and 30% in Hungary in the coming issuances.</p>	<p>Climate change mitigation</p> <p>-</p> <p>GHG emissions avoidance</p>	<p>The Eligible Category is clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria and the location of Eligible Projects.</p> <p>The Environmental Objectives are clearly defined, these are relevant for the Eligible Category and set in coherence with sustainability objectives defined in international standards.</p> <p>The Expected Environmental Benefits are clear and precise, they are considered relevant, measurable, and will be have been estimated ex ante with clear baselines for the eligible category.</p>

SDG Contribution

The Eligible Category is likely to contribute to two of the United Nations' Sustainable Development Goals ("SDGs"), namely: SDG 7. Affordable and clean energy and SDG 13. Climate Action.

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Renewable Energy - Solar Panels (PV)		7.2 - By 2030, increase substantially the share of renewable energy in the global energy.
		The Projects are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects.

Evaluation and Selection of Eligible Projects



- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation, internal and external monitoring of eligible projects). The roles and responsibilities are clear and include relevant internal expertise. The Process will be publicly disclosed in the Issuer's Framework and in the SPO.
- Eligibility criteria (selection and exclusion) for project selection have been clearly defined and detailed by the Issuer for the Eligible Projects.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the herewith SPO). The Process is considered robust: it combines monitoring, identification and corrective measures for all projects (see detailed analysis on pages 13 - 15).

Process for Project Evaluation and Selection

- For the purpose of the Bonds, a Green Bond Committee ("the Committee") has been created. It is a sub-committee of GoldenPeaks Capital's Environmental, Social & Governance Committee. The Green Bond Committee is composed of members from:
 - The Executive Committee
 - The Investment Committee
 - Finance and Environmental, Social & Governance teams.
- The process is as follows:
 - First, the Investment Committee evaluates and determines which projects are eligible for inclusion in the portfolio of Eligible Green Assets according to the criteria defined in the Issuer's Green Bond Framework.
 - Then, the Green Bond Committee is responsible for:
 - reviewing and validating the portfolio of Eligible Green Assets selected by the Investment Committee ;
 - reviewing and validating the annual report for investors;
 - reviewing the post issuance external verification report and addressing any issues raised therein; and
 - monitoring any on-going evolution related to Green Bond market practices in terms of disclosure, reporting, harmonisation, and other areas.
- The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:
 - The Issuer reports that it will monitor continued compliance of selected projects with eligibility and exclusion criteria specified in the Framework and in the Issuer's Environmental, Social and Governance Management System Plan (ESGMS) throughout the life of the Bonds. The monitoring will be done annually, and the Issuers reports on the procedure adopted in case of non-compliance. The

non-compliance would be first reported to the ESG Committee, who would decide and confirm the non-compliance. The ESG Committee would recommend a corrective course of action and monitor its implementation. Once implemented, then it would be reported back to the committee as a closed item. In case no corrective measure can be conducted, the Issuer would seek external assistance. In the last instance, if no solution is found, the Issuer reserves the right to terminate the project and decommission.

- The Issuer reports that it will monitor potential ESG controversies associated with the projects (also covering its suppliers) and has provided details on frequency and content. A dedicated team is in place to constantly monitoring the systems as well as conduct regular physical site checks. If a controversy is identified, the Issuer will apply the same process as detailed above: the ESG Committee would recommend a corrective course of action and monitor its implementation. In case no corrective measure can be conducted, the Issuer would seek external assistance. In the last instance, if no solution is found, the Issuer reserves the right to terminate the project and decommission.
- The Issuer has provided information on how it will ensure traceability of decisions taken regarding project evaluation, selection and monitoring. The ESG and Green Bond Committee meet annually and can meet more frequently if needed. Minutes of these meetings will be taken and follow up items will be monitored and allocated a specific time for implementation.

Eligibility Criteria Selection

The process relies on explicit eligibility criteria, relevant to the environmental objectives defined for the Eligible Categories.

- The selection criteria is based on definitions in Eligible Categories defined Table 1 in the Use of Proceeds section.
- The exclusion criteria include any projects or investment that are directly supporting below-listed activities and are disclosed in the Issuer's Environmental, Social and Governance Management System Plan (ESGMS). The exclusion criteria are clear and help avoid potential negative environmental and/or social impacts during the allocation of proceeds. They are as detailed below:
 1. Production or activities involving forced labour⁶ or child labour⁷
 2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
 3. Any business relating to pornography or prostitution
 4. Trade in wildlife or wildlife products regulated under CITES⁸
 5. Production or use of or trade in hazardous materials such as radioactive materials⁹, unbounded asbestos fibres and products containing PCBs¹⁰
 6. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations

⁶ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

⁷ Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

⁸ CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora.

⁹ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any other equipment where EFP considers the radioactive source to be trivial and/or adequately shielded.

¹⁰ PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

7. Drift net fishing in the marine environment using nets in excess of 2.5 km in length
8. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances¹¹ and other hazardous substances subject to international phase-outs or bans
9. Destruction¹² of Critical Habitat¹³

In addition to the above, the financing of projects is excluded, when the following activities form a substantial¹⁴ part of a project sponsor's primary operations or those of the project:

10. Production or trade in:
 - weapons and munitions
 - tobacco
 - hard liquor
11. Gambling, casinos and equivalent enterprises¹⁵

BEST PRACTICES

- ⇒ Eligibility and exclusion criteria for project selection are clearly defined and detailed for the eligible category.
- ⇒ The Issuer reports that it will monitor continued compliance of selected projects with eligibility and exclusion criteria specified in the Framework and in the Issuer's Environmental, Social and Governance Management System Plan (ESGMS) throughout the life of the Bonds and has provided details on content/ frequency/duration and on procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the projects throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on a project.

¹¹ Ozone Depleting Substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODs and their target reduction and phase-out dates.

¹² Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote 10) is lost.

¹³ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

¹⁴ A benchmark for substantial is 5 – 10 % of the balance sheet or the financed volume.

¹⁵ In Financial Institutions this is calculated with regard to the portfolio volume financing such activities.

Management of Proceeds



- The process for the Management and Allocation of Proceeds is clearly defined and detailed and publicly available in the SPO.
- The allocation period will be 12 months or less.
- The amount equivalent to the net proceeds of the Bonds will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Bonds is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Bond Framework within 6 months.

Management Process

- The net proceeds of the Bonds will be credited to the Issuer's bank account, managed in cash and allocated within 12 months.
- The amount equivalent to the net proceeds will be earmarked and signed off by the internal Green Bonds Committee before leaving the account.
- The Issuer commits to not finance GHG intensive activities nor controversial activities.
- The Issuer's finance team will verify that the use of proceeds are correctly allocated to the eligible project.
- The tracked proceeds will be monitored on a quarterly basis and adjusted as needed to ensure that the aggregate amount in the portfolio of Eligible Green Assets is equal to or greater than the aggregate amount raised by Green Bonds.
- The unallocated funds which are pending the allocation or reallocation, as the case may be, of the net proceeds, the Issuer will invest the balance of the net proceeds, at its own discretion, in Green Bonds that are in line with the Issuer's investment guidelines and that follow the ICMA 2018 Green Bond Principles.
- In case of project postponement, cancelation, divestment or ineligibility, or in case an Eligible Project has matured, the Issuer has committed to replace the no longer Eligible Project by a new Eligible Project within 6 months.

BEST PRACTICES

- ⇒ The allocation period will be shorter or equal to 12 months.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Bond Framework within 6 months.
- ⇒ The Issuer has committed not to invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.

Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds six months after a Green Bond's issuance date and every six months thereafter, until maturity and on a timely basis in case of material developments. The report will be publicly available. The report will be externally verified, this verification will also be disclosed to investors only.
- The reporting will cover relevant and exhaustive information related to the allocation of Bond proceeds and to the expected sustainable benefits of the Category. The Issuer has also committed to report on material developments related to the projects.
- The reporting methodology and assumptions used to report on environmental benefits of the eligible category will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds and indicators used to report on environmental benefits of the eligible projects bond maturity and in case of material developments.

Indicators

The Issuer has committed to transparently communicate on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are clear and relevant.

REPORTING INDICATORS

- ⇒ The list of Eligible Projects (re)financed, including a brief description
- ⇒ The aggregated amount of allocated net proceeds to Eligible Projects
- ⇒ The balance of the unallocated proceeds and the projects they will be allocated to
- ⇒ The share of co-financing (%) if any

- Environmental benefits: The indicators selected by the Issuer to report on the environmental benefits are clear and relevant.

ELIGIBLE CATEGORIES & SUBCATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Renewable Energy – Solar Panels (PV)	Total installed capacity (in MW) Electricity generated annually (in MWh)	Annual GHG emissions avoided (in t.CO ₂ eq)

BEST PRACTICES

- ⇒ The Issuer will report on the Use of Proceeds until bond maturity.
- ⇒ The issuer report will be publicly available.
- ⇒ The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the category. The Issuer has also committed to report on material development related to the projects, including ESG controversies¹⁶.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting.
- ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Category.
- ⇒ The reporting methodology and assumptions used to report on environmental benefits of the Eligible Category will be disclosed publicly.
- ⇒ External verification of E&S benefits & impacts until bond maturity.

¹⁶ Defined as issues reported to reported to the Green Bond Committee, Executive Committee, Investment Committee, or the Environmental, Social & Governance teams

Contribution to sustainability

Expected Impacts

The potential positive impact of the Eligible Category on environmental objectives is considered to be advanced.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Renewable Energy - Solar Panels (PV)	ADVANCED	The development of renewable energies is one of the most important issues in the financing sector. According to the International Energy Agency ¹⁷ , Poland's (where most of PV panels will be installed) electricity mix is powered by around 85 percent of fossil fuels including of 75 percent of coal. Hungary's electricity mix is powered by around 38 percent, with a carbon intensity superior to 300 gCO ₂ e/kWh. The Issuer has estimated that 70% of the panels will be installed in Poland and 30% in Hungary. Therefore, the Eligible Projects are considered highly relevant at a national level. In addition, the project is using a technology that aims to contribute to the claimed objective, adopting internationally recognised standards.

ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Projects are considered robust.

Environmental Management System

The objective of GPC's Environmental, Social & Governance Management System ("ESGMS") policy is to ensure that the GPC Group and its subsidiaries have a responsible approach towards its employees, suppliers, local communities, the environment and the society. The ESGMS ensures that all projects are reviewed and evaluated against the following ESG requirements: 1) The Exclusion Lists for all activities/projects¹⁸; 2) The applicable national laws on environment, health, safety and social issues; and 3) In case of Category A projects, the IFC's Environmental and Social Performance Standards.¹⁹ ESGMS is overseen by the ESG Officer, who is a member of GPC's senior management team and ensures that they have a sufficient knowledge and authority to influence the decision making as well as implementation of ESG throughout the company. Any deal that falls under GPC's ESG Exclusion List and any potential investment with a history of environmental incidents will be vetoed by the Deal Manager ("DM"). A Risk Category is assigned to the potential investment according to the IFC Environmental Risk Category System (A – High Risk, B – Medium Risk and C – Low Risk). If the risk category is A, the DM must propose to carry out ESG Due Diligence (ESGDD) third party report, or the limited ESGDD for Category B deals. In case of Category A and B, the DM must include in the final terms standard conditions stating that the company will comply with the applicable National Social and Environmental Laws and

¹⁷ IEA Electricity Information 2019 - Electricity Statistics, (<https://www.iea.org/countries/poland>).

¹⁸ ESGMS

¹⁹ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/es-categorization

Regulations as well as the IFC's Performance Standards. A summary of the relevant ESG issues must be prepared by the DM for further consideration by the Executive Committee.

An area for improvement is to acquire an EMS certificate (e.g. ISO14001) at the plant level.

Eco Design

Each stage of a project from conception to end of life follows a detailed eco design approach. GPC mitigates use of material, maximises use of recyclable materials, transportation and considers most efficient transport concept. In terms of production, GPC works with green factories and its supply chain, and ensures that all the contractors within the supply chain have effective ESG/impact and sustainability reporting. PV modules for this project are entirely sourced from China²⁰, therefore are not at the lowest end of the market lifecycle emissions range.²¹

Environmental Impact Assessment

The Eligible Projects will follow the relevant regulation and procedures for environmental impact assessment in Poland and Hungary. For Poland, the first authorisation required for renewable energy projects that qualify under the Act on Renewable Energy Sources is a decision on environmental conditions, which will be issued by the mayor. The Polish environmental impact assessment regulations provide a list of projects that require a decision on environmental conditions before they may be implemented. These include investments in which the area developed by the solar modules is larger than 1 ha (0.5 ha with regard to the areas under special environmental protection). Thus, most PV projects with power near 1 MW require an environmental decision. Before issuing a decision, the authority (after consultations with other competent entities) decides whether environmental impact assessment is necessary for the given project. The environmental decision usually imposes a number of obligations on its addressee, mainly of a technical nature. These may include, among others: time limitations on construction works (hours of day and time of year), responsibility for remediation of the ground and restoration of the biologically active surface of the soil, prohibition on use of chemicals for cleaning the solar modules, specific technical requirements regarding transformer stations. The situation is similar for Hungary which also has regulatory support for Renewable Energy Sources. Projects that qualify under the METAR support mechanism have to pass Hungarian Environmental Impact Assessment criteria with a comparable tiered system depending upon the project size and time limitations. GPC will analyse these projects internally at its Investment Committee utilising its ESG investment framework and exclusion list.

Biodiversity

Destruction of critical habitat is included in the GPC's ESG exclusion list for activities. During the Initial Screening Process, when prospective deals are discussed, the DM will have the first opportunity to veto a deal if they feel that the project's operations fall within ESG's Exclusion List. In addition, the Polish environmental impact assessment regulations provide a list of projects that require a decision on environmental conditions before they may be implemented, and such conditions include special consideration for biodiversity.

End of life decommissioning

The agreements signed by the Project Companies of Eligible Projects constitute obligations of the respective Project Company regarding decommissioning of the installations located on the leased/used land. Usage and usufruct agreements in the Project provides that the Project Company will be obliged to restore the property to its original condition. Environmental Decisions issued in the Projects provide that as part of the decommissioning of project infrastructure, all used components should preferably be assigned for recycling and if that is not possible, they should be collected by an authorised waste company, with the proviso that any dangerous waste must be properly disposed. Areas developed by the respective Project is required to be restored to previous condition, which in most cases was described as removal of all steel and aluminium elements from the ground. Furthermore, electricity generation license requires that, after termination of the operation of the Project, the Project Company shall remedy all negative

²⁰ Review on Life Cycle Assessment of Energy Payback of Solar Photovoltaic Systems and a Case Study (2017)

²¹ IPCC annex III: Technology-specific Cost and Performance Parameters.

consequences of its activity, in particular remediation of the ground, restoration of the shape of the terrain and due disposal of waste.

Health and Safety

GPC requires all delivered devices, materials, equipment, installations, built-in or installed and started by the Contractor meet the requirements and comply with the Contract, Design Documentation, Existing Permits, Contractor's Permits and meet the requirements of the Distribution Network Operator under the Applicable Law, applicable Standards as well as the terms of permits and arrangements, opinions, attestations, certificates, quality attestations, approvals and other decisions and documents required in accordance with the Applicable Law. The Contractor is fully responsible for the methods used to conduct their work but must also adhere to strict Health and Safety guidelines. Each subcontractor is inspected for Health and Safety standards.

The Scope of work for the technical operation of the solar power plants are defined comprehensively in several schedules as part of the Operations and Maintenance Agreement (OMA) and includes various specific references to adherence of regulations and following best practices as well as preventative maintenance checking of safety circuits and breakers etc. The OMA requires good and safe operating conditions at all times as well as Health and Safety (H&S) management and training.

GPC ensures that all employees, subsidiaries and subcontractors prioritise the health and safety of their employees above all other aspects of the business and provides training on a regular basis. The Executive Committee will regularly monitor and assess the H&S levels throughout the organisation with the help of the Chief Technology Officer (CTO) and monitor any instances where there have been breaches.

Human and Labour Rights

GPC adheres to Equal Opportunity and the respect of the Universal Declaration of Human Rights, its associated Covenants and Conventions of the International Labour Organization. This policy applies to all the Project Companies of the Eligible Projects. Employees at the Project Companies are strongly encouraged to raise concerns or complaints with their manager or HR. Early discussions and consultations are also encouraged to prevent issues escalating. Discussions are confidential where possible.

An area for improvement would be to establish a group-level Human Rights Policy as well as a whistleblowing policy that also applies to Project Companies invested by GPC.

Business Ethics

GPC is committed to stamping out corruption and anti-competitive practices. UK's Foreign Corrupt Practices regulations are strictly followed. The spirit of the UK regulations will be carried out in all companies under the group in all countries in which GPC operates. Any employee that suspects malpractice can report directly, and confidentially to Human Resources or to their line manager.

ISSUER

GoldenPeaks Capital is an investment specialist currently focused on the development of Renewable Energy assets in Europe and elsewhere.

Level of ESG strategy

Since GPC does not have direct project management responsibilities, its ESG performance was not under the scope of this assessment.

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against GPC's over the last four years.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council. All employees are signatories of V.E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2018 ("GBP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;²²
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

Activities' ESG risk management

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

²² The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, V.E.'s controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

V.E.'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green Bond Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green Bond Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green Bond Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green Bond Principles.

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