



Second-Party Opinion AEI Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the AEI Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in wind and solar energy projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION / SELECTION The Management Company’s ESG Committee – which includes representatives from Finance and Investment Management teams – will oversee the examination and approval of eligible projects. Projects financed under the Framework will undergo an environmental and social risk investigation and will be subject to an ESG evaluation report on identifying and mitigating the risks. Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS The Management Company’s Finance department and ESG Committee will oversee the management of proceeds, tracking allocation to eligible assets through a green project portfolio. AEI intends to reach full allocation within 18 months of issuance and has established a three-year look-back period for refinancing activities. Unallocated proceeds will be temporarily held in cash or cash equivalents, in accordance with AEI’s general liquidity requirements. Based on the defined management approach, allocation timeframe and the disclosure around management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.



REPORTING AEI intends to report on allocation of proceeds in a Green Bond Report, published on its website on an annual basis until full allocation. The report will be made on an aggregated portfolio basis and will include the amount of net proceeds allocated to eligible projects, the proportion of proceeds used for financing vs. refinancing, and the outstanding amount of unallocated proceeds. In addition, AEI is committed to reporting on relevant impact metrics. Sustainalytics views AEI’s allocation and impact reporting as aligned with market practice.

Evaluation Date October 20, 2021

Issuer Location Vilnius, Lithuania

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Introduction

Atsinaujinančios Energetikos Investicijos (“AEI”, or the “Company”) is a closed end investment company managed by Lords LB Assets Management (“Lords LB” or the “Management Company”). AEI was established in 2020 according to the Law on Collective Investment Undertakings Intended for Informed Investors of the Republic of Lithuania and is regulated by the Bank of Lithuania. AEI focuses on investments in renewable energy projects in Lithuania, Latvia, Estonia, and Poland.

AEI has developed the AEI Green Bond Framework (the “Framework”) under which it intends to issue one or more green bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to have positive environmental outcomes in the Baltic States and Poland. The Framework defines eligibility criteria in one area:

1. Renewable Energy

AEI engaged Sustainalytics to review the AEI Green Bond Framework, dated October 2021, and to provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ This Framework will be published in a separate document.²

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of AEI’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. AEI representatives have confirmed (1) they understand it is the sole responsibility of AEI to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and AEI.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The AEI Green Bond Framework is available on Lords LB Assets Management’s website at: <https://lordslb.lt/>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that AEI has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the AEI Green Bond Framework

Sustainalytics is of the opinion that the AEI Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of AEI's Green Bond Framework:

- Use of Proceeds:
 - The eligible category, Renewable Energy, is aligned with those recognized by the GBP.
 - Under the Renewable Energy category, AEI intends to finance onshore and offshore wind and solar energy facilities as well as their related supporting infrastructure and project management.
 - AEI has confirmed that all related support infrastructure will be wholly dedicated to renewable energy production facilities. The support infrastructure may include roads to wind or solar park sites, cables, transformers, inverters, and security infrastructure development.
 - Sustainalytics views favourably investments in this category and considers them to be aligned with market expectation.
- Project Evaluation and Selection:
 - The Management Company's ESG Committee – which includes representatives from Finance and Investment Management teams – will oversee the examination and approval of eligible projects. Projects financed under the Framework will undergo an environmental and social risk investigation and will be subject to an ESG evaluation report on identifying and mitigating the risks. Sustainalytics considers this process to be in line with market practice. For additional details, see Section 2.
- Management of Proceeds:
 - The Management Company's Finance department and ESG Committee will oversee the management of proceeds and will track allocations to eligible assets through a green project portfolio. AEI intends to reach full allocation within 18 months of issuance and has established a three-year look-back period for refinancing activities. Unallocated proceeds will be temporarily held in cash or cash equivalents, in accordance with AEI's general liquidity requirements. Based on the defined management approach, timeframe for allocation and the disclosure around management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - AEI intends to report on allocation of proceeds in a Green Bond Report, to be published on its website on an annual basis until full allocation. The report will be made on an aggregated portfolio basis and will include information such as the amount of net proceeds allocated to eligible projects, the proportion of proceeds used for financing vs. re-financing, and the outstanding amount of unallocated proceeds. In addition, AEI is committed to reporting on relevant impact metrics such as renewable energy capacity installed, annual renewable energy generation and annual reduction of CO₂ emissions. Sustainalytics views AEI's allocation and impact reporting as aligned with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the AEI Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of AEI

Contribution of framework to AEI's sustainability strategy

AEI's sustainability strategy and mandates are guided by that of Lords LB, and it is therefore relevant to consider this entity's sustainability approach.

Lords LB, through its Environmental, Social and Governance Policy⁴ ("ESG Policy"), demonstrates a commitment to sustainability by embedding the United Nations' Principles for Responsible Investment (UNPRI) into its investment and management processes. Lords LB's ESG Policy highlights the following processes: (i) incorporating ESG issues into investments decisions and company policies, (ii) assessing environmental risks, social problems and stakeholder relations when evaluating potential investments, (iii) sustainable governance for managing risks and conflicts of interests, and (iv) ensuring that potential investments are not made into companies that fall in Lords LB's Exclusions List.⁵

Additionally, Lords LB issued a Notice on the Assessment of Principle Adverse Impact on Sustainability and Other Sustainability-Related Information in 2021, committing to integrate sustainability risk in investment decision-making.⁶ Lords LB is also a participant of the United Nations Global Compact Initiative since 2015, and follows the Ten Principles of the United Nations Global Compact including in the areas of human rights, labour, environment and anti-corruption.⁷

AEI has communicated to Sustainalytics that the Company is currently in the process of drafting a new sustainability strategy, where each asset will have an "Evaluation Report" prior to the commencement of the project. The evaluation report will then inform the "Sustainability Action Plan" for each asset. The strategy is still in the drafting stage and is anticipated to be completed by the end of the first quarter in 2022.

Sustainalytics is of the opinion that the AEI Green Bond Framework is aligned with Lords LB's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities. Sustainalytics notes that AEI would be bound by the environmental targets set by Lords LB.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bond/s issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts, Sustainalytics is aware that such eligible projects could lead to negative environmental and social outcomes. Some key risks could include occupational health and safety as well as land use, stakeholder engagement and biodiversity issues associated with large-scale renewable energy project development.

Sustainalytics is of the opinion that AEI is able to manage and/or mitigate potential risks through adherence to the following policies and strategies set by Lords LB:

- Lords LB has communicated to Sustainalytics that it has adopted a risk-evaluation matrix to address the key ESG risks associated with the financed projects such as identifying biodiversity and habitat impacts, stakeholder engagement and health and safety hazards. Through this matrix, the Management Company rates each risk against its likelihood and potential impact and prepares and implements a corresponding risk mitigation scheme based on these ratings.
- European Union (EU) States, such as Lithuania and Poland in which AEI operates, are recognized as "Designated Countries" by the Equator Principles⁸. This implies the presence of a robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities. Adherence to permitting and safety requirements relevant to the regulatory environment in the jurisdictions is important in which its projects are sited.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that AEI has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

⁴ Lords LB Assets Management, "Environmental, Social and Governance Policy", at: <https://lordslb.lt/en/environmental-social-and-governance-policy/>

⁵ Lords LB Assets Management abstains from investments into sectors such as weapons, tobacco, alcohol, gambling, coal and nuclear energy.

⁶ Lords LB Assets Management, "Notice on the Assessment of Principal Adverse Impacts on Sustainability and Other Sustainability-Related Information", at: <https://lordslb.lt/wp-content/uploads/2021/06/Notice-on-the-sustainability-related-information-2021-06-10.pdf>

⁷ *Ibid.*

⁸ Equator Principles, "The Equator Principles", at: <https://equator-principles.com/about/>

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused below on how the impact is specifically relevant in the local context.

Contribution of renewable energy to EU climate targets

In December 2020, the EU set a target to reduce its GHG emissions by at least 55% below 1990 levels by 2030,⁹ while aiming to achieve net-zero emissions by 2050.¹⁰

The Baltic region has a massive offshore wind energy potential of 2,000 terawatt-hours (“TWh”).¹¹ In 2019, Lithuania and Latvia were among the EU nations which had the lowest GHG emissions intensity from electricity generation, at about 83 gCO₂e/KWh and 150 gCO₂e/KWh respectively, whereas Estonia was at the highest, at about 746 gCO₂e/KWh, surpassing the average EU emissions at approximately 255 gCO₂e/KWh.¹² Latvia plans to have a 50% share of renewable energy in its energy mix according to its National Energy and Climate Action Plan 2030,¹³ with large-scale wind farms providing most of this power production.¹⁴ Lithuania aims to have at least 45% of its energy consumption sourced from renewables by 2030. The government of Lithuania has also set a target to reach 80% of renewable energy in overall energy demand and 100% renewables in electricity demand by 2050.¹⁵ As per the projections put forward by the International Energy Agency (IEA), Lithuania will require approximately 18 TWh of annual electricity generation by 2050, about 10 TWh of which is expected to be produced by onshore and offshore wind.¹⁶ The key objective of Estonia’s 2030 National Energy and Climate Plan is to increase the share of renewable energy in total final consumption at least by 42% by the year 2030.¹⁷

Poland, on the other hand, was the largest coal-based power producer in the EU as of end of 2020¹⁸ and coal accounted for nearly 70% of its electricity generation the same year.¹⁹ As a result, the electricity generation GHG intensity of Poland was one of the highest in the EU, about 751 gCO₂e/KWh in 2019.²⁰ To provide a boost to wind and solar power, the Ministry of Climate and Environment of Poland officially announced in February 2021 the ratification of the Energy Policy of Poland that calls for a decrease in the share of coal in electricity production by 56% by 2030 and the growth of renewable energy to 32% of electricity production by 2030, and 40% by 2040.²¹ Poland has a long coastline but currently no offshore wind farms.²² The government of Poland estimates that its offshore wind capacity will be approximately 10 gigawatts.²³ The onshore wind has experienced steady growth, reaching over 6 GW in 2020.²⁴ Under its new plan, Poland is aiming for 10 to 16

⁹ European Commission, “2030 Climate Target Plan”, at: https://ec.europa.eu/clima/policies/eu-climate-action/2030_ctp_en

¹⁰ European Commission, “European Climate Law”, at: https://ec.europa.eu/clima/policies/eu-climate-action/law_en

¹¹ Davis, Alexandra. et al. “Green Energy Feasibility in Estonia”, European Horizons, at: <https://voices.uchicago.edu/euchicago/green-energy-feasibility-in-estonia/>

¹² European Environment Agency, “Greenhouse gas emission intensity of electricity generation in Europe”, (2021), at: <https://www.eea.europa.eu/data-and-maps/indicators/overview-of-the-electricity-production-3/assessment-1>

¹³ International Trade Administration, “Latvia - Country Commercial Guide”, (2020), at: <https://www.trade.gov/country-commercial-guides/latvia-renewable-energy-equipment>

¹⁴ CEE Bankwatch Network, “Latvia adopts climate and energy plan and long term strategy”, (2020), at: <https://bankwatch.org/blog/latvia-adopts-climate-and-energy-plan-and-long-term-strategy>

¹⁵ IEA, “Lithuania 2021 - Energy Policy Review”, at: https://iea.blob.core.windows.net/assets/4d014034-0f94-409d-bb8f-193e17a81d77/Lithuania_2021_Energy_Policy_Review.pdf

¹⁶ European Commission, “European Climate Law”, at: https://ec.europa.eu/clima/policies/eu-climate-action/law_en

¹⁷ European Commission, “Estonia’s 2030 National Energy and Climate Plan”, (2019), at:

https://ec.europa.eu/energy/sites/ener/files/documents/ee_final_necp_main_en.pdf

¹⁸ En:former, “Poland: Up to eleven gigawatts of offshore wind energy by 2040”, (2021), at: [Poland: Up to eleven gigawatts of offshore wind energy by 2040 | en:former \(en-former.com\)](https://en-former.com/en-former/poland-up-to-eleven-gigawatts-of-offshore-wind-energy-by-2040/)

¹⁹ En:former, “Energy transition in coal-centric Poland: Renewables on course for growth”, (2021), at: [Energy transition in coal-centric Poland: Renewables on course for growth | en:former \(en-former.com\)](https://en-former.com/en-former/energy-transition-in-coal-centric-poland-renewables-on-course-for-growth/)

²⁰ European Commission, “European Climate Law”, at: https://ec.europa.eu/clima/policies/eu-climate-action/law_en

²¹ Biddulph, Ellie. (2021), “Poland Renewable Energy Market: The Complete Guide”, Greensolver, at: <https://greensolver.net/poland-renewable-energy-market-the-complete-guide/>

²² Barteczko, Agnieszka. et al. (2021), “Green energy investors target Poland as it weans itself off coal”, Reuters, 2021, at: <https://www.reuters.com/article/us-poland-energy-offshore-idUSKBN2AA1I6>

²³ IEEFA, “Poland emerging as major growth market for renewable energy”, (2020), at: <https://ieefa.org/poland-emerging-as-major-growth-market-for-renewable-energy/>

²⁴ *Ibid.*

GW of solar energy, 7 to 10 GW of onshore wind, and 8 to 11 GW of offshore wind power by 2040, thus increasing the momentum of clean energy transition in Poland.²⁵

Considering the above, Sustainalytics is of the opinion that AEI's financing of renewable energy projects is expected to increase low-carbon energy production from renewables thereby decreasing fossil fuel shares in the electricity generation and contributing to achieving the climate targets set by the EU.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the AEI Green Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

AEI has developed the AEI Green Bond Framework under which it may issue green bonds and use the proceeds to finance renewable energy projects. Sustainalytics considers that the projects funded by the green bond proceeds are expected to have positive environmental impact.

The AEI Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the AEI Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that AEI has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that AEI is well-positioned to issue green bonds and that the AEI Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

²⁵ Biddulph, Ellie. (2021), "Poland Renewable Energy Market: The Complete Guide", Greensolver, at: <https://greensolver.net/poland-renewable-energy-market-the-complete-guide/>

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Atsinaujinančios Energetikos Investicijos

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: AEI Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: October 20, 2021

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds Renewable Energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in wind and solar energy projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

The Management Company's ESG Committee – which includes representatives from Finance and Investment Management teams – will oversee the examination and approval of eligible projects. Projects financed under the Framework will undergo an environmental and social risk investigation and will be subject to an ESG evaluation report on identifying and mitigating the risks. Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|---|---|

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The Management Company's Finance department and ESG Committee will oversee the management of proceeds, tracking allocation to eligible assets through a green project portfolio. AEI intends to reach full allocation within 18 months of issuance and has established a three-year look-back period for refinancing activities. Unallocated proceeds will be temporarily held in cash or cash equivalents, in accordance with AEI's general liquidity requirements. Based on the defined management approach, allocation timeframe and the disclosure around management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

AEI intends to report on allocation of proceeds in a Green Bond Report, published on its website on an annual basis until full allocation. The report will be made on aggregated portfolio basis and will include, the amount of net proceeds allocated to eligible projects, the proportion of proceeds used for financing vs. re-financing, and the outstanding amount of unallocated proceeds. In addition, AEI is committed to reporting on relevant impact metrics. Sustainalytics views AEI's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): Number of outstanding Green Bonds, Proportion of financing vs. refinancing, Unallocated balance, Summary of Eligible Green Projects subject to confidentiality clauses | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|--|--|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): Renewable energy capacity installed (in MW); Annual renewable energy generation (in MWh); Annual reduction/avoidance of CO ₂ emissions (in tons of CO ₂). |

Frequency

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
|--|--------------------------------------|

Other (please specify):

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Green Bond Report |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as

a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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