

# Atsinaujinancios Energetikos Investicijos

**Type of Engagement:** Annual Review

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## Introduction

In 2023, Atsinaujinancios Energetikos Investicijos (“AEI”) issued green bonds (the “Green Bonds”) to finance renewable energy projects with an aim to reduce GHG emissions. In 2024, AEI engaged Sustainalytics to review the projects financed with proceeds from the Green Bonds (the “Nominated Projects”) and provide an assessment as to whether the Nominated Projects met the use of proceeds criteria and the reporting commitments outlined in the AEI Green Bond Framework (the “Framework”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in October 2021.<sup>2</sup> This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in January 2023.<sup>3</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<ol style="list-style-type: none"> <li>i. Onshore and offshore wind parks, as well as related support infrastructure including roads to wind park sites, cables, transformers, inverters and security infrastructure development, building, and management.</li> <li>ii. Solar PV energy parks, as well as related support infrastructure including roads to solar park sites, cables, transformers, inverters and security infrastructure development, building, and management.</li> </ol>	<ol style="list-style-type: none"> <li>i. Renewable energy capacity installed (in MW)</li> <li>ii. Annual Renewable energy generation (in MWh)</li> <li>iii. Annual reduction/avoidance of CO<sub>2</sub> emissions (in tons of CO<sub>2</sub>)</li> </ol>

## Issuer’s Responsibility

AEI is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

<sup>1</sup> AEI, “Green Bond Framework”, (2021), at: [https://lordslb.lt/aei\\_green\\_bonds/](https://lordslb.lt/aei_green_bonds/)

<sup>2</sup> Sustainalytics, “Second-Party Opinion, AEI”, (2021), at: [https://lordslb.lt/aei\\_green\\_bonds/](https://lordslb.lt/aei_green_bonds/)

<sup>3</sup> Sustainalytics, “Annual Review”, (2023), at: [https://lordslb.lt/aei\\_green\\_bonds/](https://lordslb.lt/aei_green_bonds/)

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the Green Bonds. The work undertaken as part of this engagement included collection of documentation from AEI and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by AEI. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by AEI.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>4</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. AEI has disclosed to Sustainalytics that the proceeds from the Green Bonds were fully allocated as of December 2023.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the Nominated Projects funded with proceeds from the Green Bonds to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the Nominated Projects funded with proceeds from the Green Bonds to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

<sup>4</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendix

In 2023, AEI issued the Green Bonds and raised EUR 72.38 million.<sup>5</sup> As of December 2023, 99.95% of the proceeds were allocated to finance the following projects.

**Table 3: Allocation of proceeds from the Green Bond**

Use of Proceeds Category	Projects	Net Proceeds Allocation (EUR)
Renewable Energy	Rokiškis wind farm <sup>6</sup>	06.1 million
	PV Energy Projects <sup>7</sup>	28.8 million
	Solar PL Sun <sup>8</sup>	34.1 million
<b>Total allocated proceeds (EUR)</b>		<b>69.0 million</b>
<b>Unallocated proceeds (EUR)</b>		<b>35,306.01</b>

**Table 4: Reported Impact from the Green Bonds**

Use of Proceeds Category	Project	Expected Environmental Impact		
		Expected Project Capacity	Expected Electricity Generation	Expected GHG emissions avoided <sup>9</sup>
Renewable Energy	Rokiškis wind farm	Operating: 66 MW	188.6 GWh	31,211 tCO <sub>2</sub> e/year
	PV Energy Projects	Under construction: 55.8 MW	76.3 GWh	Under construction: 45,004 tCO <sub>2</sub> e/year
		Operating: 12 MW		Operating: 9,678 tCO <sub>2</sub> e/year
	Solar PL Sun	Ready to build: 47.7 MW	130 GWh	Ready to build: 38,773 tCO <sub>2</sub> e/year
		Under Construction: 67 MW		Under construction: 54,461 tCO <sub>2</sub> e/year
	<b>Grand Total</b>		<b>248.5 MW</b>	<b>395 GWh</b>

<sup>5</sup> AEI has communicated to Sustainalytics that it raised EUR 72.38 million through the Green Bonds. However, as of 31 December 2023, it received EUR 69 million as cash proceeds. The bonds had a fixed interest rate of 5% and, during the issuance period, higher interest rates offered a yield of 8.5% to 10%. Due to this, the cash proceeds received was lower than the size of the bonds.

<sup>6</sup> The project has been operational since Q4 of 2023.

<sup>7</sup> The project is expected commission in Q2 2024.

<sup>8</sup> The project is expected commission in Q1 2025.

<sup>9</sup> The CO<sub>2</sub>e offsets are estimated using the EIB Project Carbon Footprint Methodologies 11.3.

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