



## **Alerion 2021 Green Bond Framework**

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## 1. Alerion's Sustainable Business Model

Alerion Clean Power S.p.A. ("**Alerion**") is one of the main independent Italian operators specialized in the production of renewable energies.

Alerion currently manages 23 wind farms (of which 21 in Italy, one in Spain and one in Bulgaria), with a total gross installed capacity of approximately 750 MW, and plans to expand further in Europe, both in wind and solar sector.

**Alerion's exclusive focus on renewable energy** implies that sustainability is strictly embedded in our business model. Our operations contribute directly to the reduction of greenhouse gas (GHG) emissions and to the promotion of a system for sustainable territorial development. To this end, we have in place a strong integrated system for the assessment and management of our operations' impact on environmental resources.

Alerion intends to consolidate its presence at the European level in the renewable energies sector in terms of installed capacity and intends to reach such target through both the direct development of new projects and plants and the pursuit of targeted growth opportunities through acquisitions of plants that are already operational, or projects that are not yet operational.

In particular, over the next years, 2021-2023, Alerion will focus its strategy on the acceleration of growth with an increasingly broad geographical diversification in Italy, Spain and Romania, and on technological diversification, through a plan of investments in the solar sector.

## 1.1. Rationale for Green Financing

Given Alerion's exclusive focus on renewable energy, we want our capital structure to reflect the sustainable nature of our business.

In this context, Alerion has established a new Green Bond Framework to be able to issue a new Green Bond in 2021 and attract dedicated funding for our business in both wind and solar sector.

## 2. 2021 Green Bond Framework

Alerion's 2021 Green Bond Framework has been developed in line with **ICMA's Green Bond Principles 2021** edition (GBP), and as such follows the GBP core components:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting
- 5) External Review

## 2.1. Use of Proceeds

Alerion intends to use the proceeds of the Green Bond as follows:

- the early redemption of the “Euro 150 million Alerion Clean Power S.p.A. 2018-2024” bond (ISIN IT0005333627);
- any amount in excess thereof will be applied to finance in whole or in part future investments in **Eligible Green Projects**, as defined below.

In this regards, we underline that the proceeds of the “Euro 150 million Alerion Clean Power S.p.A. 2018-2024” bond were used:

- for the early redemption of the “Euro 130 million Alerion Clean Power S.p.A. 2015-2022” bond, that was issued to refinance the outstanding project finance debt of four Italian operating wind farms;
- and for the remaining part, to finance the construction of three wind farms in Italy.

“**Eligible Green Projects**” will include:

- new wind and/or solar farms project design, development, manufacture and construction;
- acquisition of operating wind and/or solar farms.

The acquisition of operating wind farms and/or solar farms includes both the acquisition of operating assets as well as the acquisition of companies owning authorized and / or operating assets. Eligible Green Projects will be located in Europe, in particular in Italy, Romania and Spain and are expected to be constructed or acquired during the 24 months following the issuance of the Green Bond.

The Eligible Green Projects will be constructed according to European Union and national legislation that requires specific environmental screening before receiving the building permit.

Eligible Green Projects are deemed to contribute to **climate mitigation** by helping to avoid or reduce greenhouse gas (GHG) emissions, in alignment with Alerion’s strategy as previously discussed. Alerion anticipates that Eligible Green Projects will also **contribute to the UN Sustainable Development Goals number 7** (“Affordable and Clean Energy”), **9** (“Industry Innovation and Infrastructure”) and **13** (“Climate Action”).

## **2.2. Process for Project Evaluation and Selection**

Alerion’s Green Bond Framework is for the financing and refinancing of wind and/or solar power generation projects as described in Section 2.1.

Alerion will establish a Green Bond Committee (“**the Committee**”) to oversee the Green Bond implementation and the allocation process.

The Committee will be chaired by the Chairman of the Board of Directors, and composed of the other Board Executive Directors, together with the Chief Financial Officer and Chief Operating Officer.

The Committee will be in charge of monitoring the selection and allocation of funds to Eligible Green Projects and will be responsible for the following:

- Identifying potential Eligible Green Projects;
- Reviewing and approving the selection against the eligibility criteria stated in Section 2.1;
- Monitoring the Eligible Green Project portfolio;
- Managing any future update of the Green Bond Framework.

### 2.3. Management of Proceeds

Upon receipt, the net proceeds from the Green Bond issuance will be managed by Alerion's Treasury Department and invested in cash or cash equivalents until allocation to Eligible Green Projects. Alerion will aim at achieving complete allocation of the proceeds from the Green Bond within 24 months from the issuance date, and no later than the maturity of the bond.

The Committee will review and approve allocations of bond proceeds to Eligible Green Projects on a regular basis, and details of the disbursements and the outstanding value will be tracked using Alerion's internal financial reporting system.

In case of divestment, or if a project becomes ineligible, Alerion will strive to replace it by another Eligible Green Project on a best effort basis.

### 2.4. Reporting

An annual report will be prepared and made available on Alerion's website at [www.alerion.it](http://www.alerion.it), with the status of the Green Bond's proceeds allocation, overview of the projects financed or refinanced, and the environmental impact, until full allocation of proceeds.

In particular, this report will include the following information:

*Allocation information:*

- The total amount of investments and expenditures in Eligible Green Projects
- The amount and percentage of new and existing projects (financing and refinancing)
- The balance of unallocated proceeds
- A brief description of the projects financed or refinanced with the Green Bond

*Impact metrics:*

Alerion will also provide information on the expected output and environmental benefits of Eligible Green Projects.

The relevant metrics will include:

- Installed renewable energy capacity in MW
- Expected or actual annual renewable energy generation in MWh or GWh
- Estimated annual GHG emissions avoided (in tCO<sub>2</sub>e)

The above-listed indicators are subject to the availability of information and baseline data, and are based on methodologies that will be made publicly available.

## **2.5. External Review and Assurance**

### *Second Party Opinion*

Prior to issuance, Alerion has commissioned DNV to provide a second party opinion for its Green Bond Framework, which will be made available to investors on Alerion's website at [www.alerion.it](http://www.alerion.it).

### *Annual Assurance Report*

An auditor appointed by Alerion will review that the allocation of the Green Bond is done in accordance with Alerion's Green Bond Framework and will provide, starting one year after issuance and on an annual basis until all the proceeds of the Green Bond have been allocated, a limited assurance report.