

ALERION CLEAN POWER SPA GREEN BOND

DNV GL ELIGIBILITY ASSESSMENT

Scope and objectives

Alerion Clean Power S.p.A. ("ALERION" or "Issuer"), is an industrial group listed on the Milan Stock Exchange, specializing in the production of electricity from renewable sources, particularly in the wind sector.

ALERION has developed a Green Bond Framework and is considering the issuance of a Green Bond in EURO (henceforth referred to as "BOND") and would like to label the issuance as a "Green Bond" as defined within the Green Bond Principles 2018 ("GBP") set out by the International Capital Market Association ("ICMA").

As per its Green Bond Framework, ALERION intends to use the proceeds of the BOND to finance and refinance debts associated with the numerous projects and assets in Europe falling within the following categories:

Renewable Energy:

- Wind Energy
 - New wind power project design, development, manufacture and construction;
 - Acquisition of operating wind farms;
 - Refinancing of existing wind power generation projects.

DNV GL Business Assurance Italia S.r.l. (henceforth referred to as "DNV GL") has been commissioned by ALERION to provide a Green Bond eligibility assessment of the ALERION Green Bond Framework and proposed BOND. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the BOND, the value of any investments in the BONDS, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria established on the basis set out below.

The scope of this DNV GL opinion is limited to the Green Bond Principles 2018 (GBP).

Responsibilities of the Management of ALERION and DNV GL

The management of ALERION has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform ALERION management and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by ALERION. DNV GL is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by ALERION's management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

We have adapted our Green Bond Principles methodology, which incorporates the requirements of the GBP, to create a ALERION-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per our Protocol, the criteria against which the Green Bond Framework and proposed BOND have been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by ALERION in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an ALERION-specific Protocol, adapted to the purpose of the Green Bond Framework and the BOND, as described above and in Schedule 2 to this Assessment;
 - Assessment of documentary evidence provided by ALERION on the Green Bond Framework and the BOND and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
 - Discussions with ALERION management, and review of relevant documentation;
 - Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
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Findings and DNV GL's opinion

DNV GL's findings are listed below:

- 1. Principle One: Use of Proceeds.** ALERION has developed its Green Bond Framework and plans to use the proceeds of the BOND to finance and refinance projects and assets including:

Renewable Energy:

- Wind Energy
 - New wind power project design, development, manufacture and construction;
 - Acquisition of operating wind farms (operating assets and associated ownership / operational corporate entities);
 - Refinancing of existing wind power generation projects.

DNV GL reviewed ALERION Green Bond Framework and the criteria for the project categories above to determine the eligibility of the nominated projects and assets.

- 2. Principle Two: Process for Project Evaluation and Selection.** The BOND's proceeds will be allocated to acquire, finance and refinance the assets as defined in Schedule 1. DNV GL has reviewed evidence that demonstrates that ALERION regularly assesses opportunities for improvement and devises action plans and initiatives to mitigate negative environmental and social impacts from its operations.
- 3. Principle Three: Management of Proceeds** DNV GL has reviewed evidence showing how ALERION plans to trace the proceeds from the Bond, from the time of issuance to the time of disbursement. The full amount of the proceeds will be managed within treasury or equivalent, and thereafter disbursed in accordance with the investment commitments and any debt obligations. The details of the disbursement and the outstanding value will be tracked using ALERION's internal financial reporting system. At the end of each financial period, ALERION will review the outstanding balance of the BOND. As stated above, DNV GL provides no assurance regarding the financial performance of the Bond, the value of any investments in the Bond, or the effects of the transaction.
- 4. Principle Four: Reporting.** ALERION has confirmed that it will provide an annual report on its website. This will include description of the green bond proceeds allocation, overview of the projects financed or refinanced and the environmental impact, until the full allocation of proceeds.

On the basis of the information provided by ALERION and the work undertaken, it is DNV GL's opinion that the ALERION Green Bond Framework and proposed BOND meet the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

DNV GL has confirmed that the Use of Proceeds proposed by ALERION in their Green Bond Framework is aligned with the United Nations Sustainable Development Goals including 7 "Affordable Clean Energy", 9 "Industry Innovation and Infrastructure" and 13 "Climate Action".

for DNV GL Business Assurance Italia Srl

6 September 2019



Mark Robinson

Manager, Sustainability Services
DNV GL – Business Assurance

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF NOMINATED ASSETS TO BE FINANCED AND REFINANCED THROUGH ALERION GREEN BOND

Eligible Project Category	Project	Location
Wind Power	New Wind Power Project Construction	Europe
Wind Power	Acquisition of existing Wind Power Generation Projects	Europe
Wind Power	Refinancing of existing Wind Power Projects (up to 25% by value of total green bond project pool)	Italy

SCHEDULE 2: GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet or equivalent or equivalent - ALERION Green Bond Framework <p>Discussions with ALERION management</p>	<p>The reviewed evidence confirms that the BOND falls in the category: Green Use of Proceeds Bond.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet or equivalent - ALERION Green Bond Framework - Sub Project Performance and Financial Documentation <p>Discussions with ALERION management</p>	<p>As identified by the issuer disclosures the purpose of the BOND is to use the proceeds to finance and refinance projects and acquisitions for projects falling under the following categories:</p> <p>Renewable Energy:</p> <ul style="list-style-type: none"> • Wind Power <p>DNV GL's assessment concluded that these assets would present a low risk of GHG emissions relative to fossil fuels and qualify for inclusion under the Green Bond Principles within the Renewable Energy category.</p>
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmentally sustainable</p>	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet or equivalent 	<p>DNV GL reviewed the wind power projects proposed to be included within the bond pool and confirmed their nature and type to reasonably include the generation of renewable</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		benefits, which, where feasible, will be quantified or assessed by the issuer.	<ul style="list-style-type: none"> - ALERION Green Bond Framework - ALERION Asset Specifications <p>Discussions with ALERION management</p>	<p>energy, which is in line with the Use of Proceeds under the Green Bond Principles 2018.</p> <p>DNV GL has confirmed that the Use of Proceeds proposed by ALERION in their Green Bond Framework is aligned with the United Nations Sustainable Development Goals including 7 "Affordable Clean Energy", 9 "Industry Innovation and Infrastructure" and 13 "Climate Action".</p>
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet or equivalent - Bond disclosure documentation - BOND Proceeds and reporting framework <p>Discussions with ALERION management</p>	The share of bond proceeds expected to be associated with the refinancing of projects and assets is up to 25%.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Investment-decision process	<p>The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how 	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet or equivalent - ALERION Green Bond Framework - Appendix 2 of 	<p>As per the ALERION Green Bond Framework, the issuer has set out the following criteria for project selection:</p> <p>Process for Project Evaluation and Selection</p> <p>Alerion will establish a Green Bond Committee ("the Committee") to oversee the Green Bond implementation and the allocation process.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		<p>the projects fit within the eligible Green Projects categories identified in the Green Bond Principles;</p> <ul style="list-style-type: none"> • The criteria making the projects eligible for using the Green Bond proceeds; and • The environmental sustainability objectives 	<p>the Green Bond Framework</p>	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>DNV GL confirmed this process to define a clear and repeatable system by which projects maybe identified and included or excluded from the Green Bond project pool. The Criteria making the projects eligible for inclusion contained within the Green Bond Framework were in line with the Green Bond Principles eligible categories and can be expected to result in quantifiable environmental benefits.</p>
2b	<p>Issuer’s environmental and social and governance framework</p>	<p>In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - ALERION Sustainability and ALERION Governance Framework - ALERION Sustainability Reporting - ALERION Green Bond Framework <p>Discussions with ALERION management</p>	<p>DNV GL reviewed the ALERION Governance Framework Documents in addition to the Corporate Reporting and Budget Documentation.</p> <p>ALERION’s Governance frameworks form the basis for clear stakeholder reporting of relevant metrics such a GHG emissions, Energy generation, waste management, technological rollouts and other social and environmental metrics. The proposed reporting associated with the ALERION Green Bond is in line with their existing Governance Commitments and metrics to stakeholders and investors.</p> <p>DNV GL notes that the performance of the nominated assets</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
				<p>within the Bond pool is to be reported as a part of ALERION’s periodic reporting as per the ALERION Green Bond Framework.</p> <p>The selected reporting performance metrics for the nominated projects and assets as stated within the Green Bond Framework, are in line with the governance framework demonstrated by ALERION within the information provided on their website.</p> <p>We have also carried out a high-level media review of ALERION. We have found no evidence to suggest that ALERION or any of the assets are or have been operating in breach of national or local environmental regulations.</p> <p>Based on the evidence reviewed and the discussion we had with senior managers, we found nothing to suggest that ALERION’s governance framework is not in line with good practice of the industry in which it operates.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer’s lending and investment	<p>Review of:</p> <ul style="list-style-type: none"> - BOND Term Sheet or equivalent - BOND Proceeds and reporting framework <p>Discussions with ALERION</p>	<p>The evidence reviewed shows how ALERION plans to trace the BOND’s proceeds, from the time of issuance to the time of disbursement.</p> <p>The full amount of the proceeds will be managed within treasury or equivalent, and thereafter disbursed in accordance with the investment schedules and debt obligations.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		operations for Green Projects.	management	The details of the disbursement and the outstanding value will be tracked in ALERION's internal financial system. At the end of each financial period, the outstanding balance of the BOND will be reviewed.
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Review of: <ul style="list-style-type: none"> - BOND Term Sheet or equivalent - ALERION Green Bond Framework Discussions with ALERION management	The evidence reviewed shows that ALERION plans to trace the proceeds from the BOND, from the time of issuance to the time of disbursement and reduce the net balance of proceeds by amounts in line with the assets investment and debt repayment schedules. At the end of each financial period, the outstanding balance of the Bond will be reviewed.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Review of: <ul style="list-style-type: none"> - BOND Management of Proceeds framework Discussions with ALERION management	The net proceeds of the Bond will be managed within treasury or equivalent, tracked and will be fully and immediately disbursed where possible or held in equivalent green investments or cash equivalent until disbursement to the nominated assets as per the ALERION Green Bond Framework.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	Discussions with ALERION management	ALERION will provide dedicated annual Green Bond Reporting. This will include description of the project and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts.