



# **Alerion 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, focused on wind-generated electricity. Alerion currently operates 16 wind farms in Italy, Spain and Bulgaria, with a gross capacity of 514 MW, and plans to expand further in Europe.

**Alerion's exclusive focus on wind power** 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.

We are a producer and supplier of electricity generated by wind. Our business consists primarily of the management of **one of the largest portfolios of wind farms in Italy by installed capacity** and the sale of the electricity produced by our wind farms. Our leadership and commitment to a continuous increase in the efficiency of our wind farms facilitates our positioning in the context of the evolving regulatory framework in Italy, which is pushing for a transition from government incentives to the grid parity in the wind energy sector. This transition is also supported by the progressive reduction in investment costs, and an increase in demand for electricity from renewable sources.

### 1.1. Rationale for Green Financing

Given Alerion's exclusive focus on wind power, we want our capital structure to reflect the sustainable nature of our business. In fact, our majority owner, FRI-EL Green Power, is also a leader company in the field of production and sale of electrical energy from renewable sources in Italy.

In this context, Alerion has established a Green Bond Framework to be able to issue Green Bonds and attract dedicated funding for our business.

## 2. Green Bond Framework

Alerion's Framework has been developed in line with **ICMA's Green Bond Principles 2018** 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 to finance or refinance “**Eligible Green Projects**”, which include:

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

The acquisition of operating wind farms includes both the acquisition of operating assets as well as the acquisition of companies owning authorized and / or operating assets.

Details on the Eligible Green Projects associated to Alerion’s inaugural Green Bond issuance are presented in **Appendix A**.

All Eligible Green Projects have been or 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 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 is 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 GL 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.

## Appendix A – Use of Proceeds for the First Green Bond Issuance

Alerion expects to use the net proceeds from its inaugural Green Bond issuance for the following Eligible Green Projects:

- 1) Capital and operational expenditures related to design, construction, development, installation, maintenance or acquisition of **new wind power generation projects** that will increase Alerion's actual power generation plants portfolio.
  - These projects are expected to be constructed or acquired during the 24 months following the issuance of the Green Bond, with associated disbursements relating to the procurement process incurred starting from the year 2018.
  - The acquisition of **new wind power generation projects** includes both the acquisition of operating assets as well as the acquisition of companies owning authorized and / or operating assets.
- 2) The share of Green Bond net proceeds expected to be associated with the refinancing of debt related to existing **wind power projects** is less than 25%.

Eligible Green Projects will be located in Europe, in particular in Italy and Spain.