

Annual report 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.

# ALERION GREEN BOND 2021-2027

## REPORT YEAR 2022

Use of Proceeds



# ALERION GREEN BOND 2021-2027 REPORT

## ANNUAL REPORT "USE OF PROCEEDS"

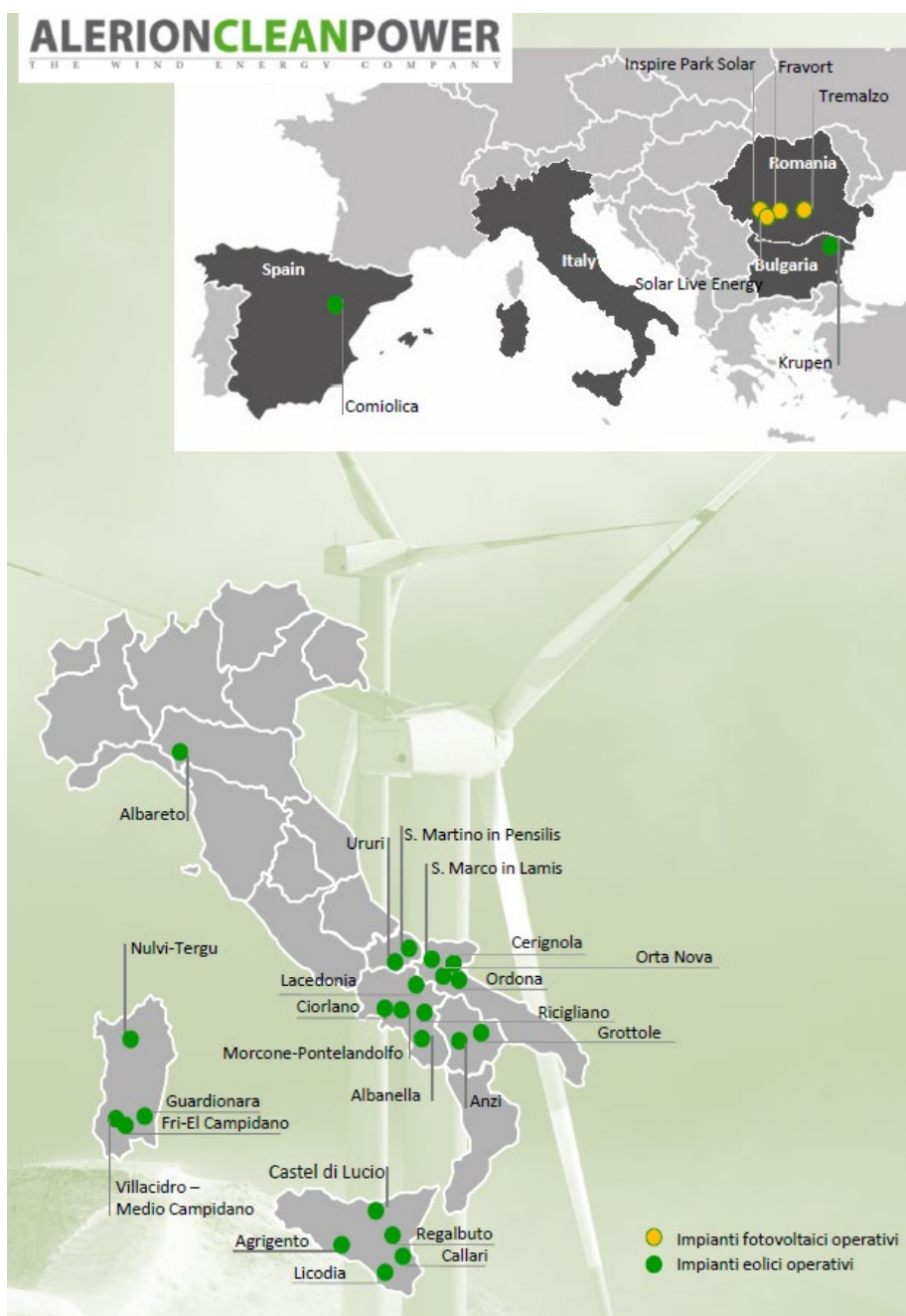
### INTRODUCTION

ALERION CLEAN POWER S.p.A. (hereinafter "ALERION") placed on November 3<sup>rd</sup> 2021 its second green bond ("ALERION Green Bond 2021 - 2027") in accordance with the "Green Bond Principles" developed in line with ICMA's Green Bond Principles 2021 edition (GBP) ("International Capital Market Association"). ALERION Green Bond 2021 - 2027 listed on Dublin Stock Exchange (ISIN:XS2395580892) for a total amount of Euro 200 million, with a maturity date falling on 3<sup>rd</sup> November 2027.

### 1- Overview of 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 25 wind farms (of which 23 in Italy, one in Spain and one in Bulgaria), and 7 solar farms in Romania, with a total gross installed capacity of approximately 893 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, 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.

## **2- GREEN BOND FRAMEWORK**

In order to increase transparency of the Alerion Green Bond 2021 - 2027, Alerion has published the "Alerion 2021 Green Bond Framework" in line with ICMA's Green Bond Principles 2021 edition ("GBP"). The GBP core components are described as follow:

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

### **2.1- "ALERION GREEN BOND 2021 – 2027"- USE OF PROCEEDS**

Alerion intends to use the proceeds of the Green Bond 2021 – 2027 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 regard, 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 2021 – 2027 Framework is for the financing and refinancing of wind and/or solar power generation projects, as previously described.

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 described 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 2021 – 2027 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<sup>1</sup> 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)

## **2.5- External review – Annual Assurance Report**

An external independent auditor confirmed that the allocation of the Green Bond is done in accordance with Alerion's 2021 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.

This Third-Party Opinion made by External independent auditor on ALERION Green Bond Report is attached to this document.

## **3-Reporting criteria**

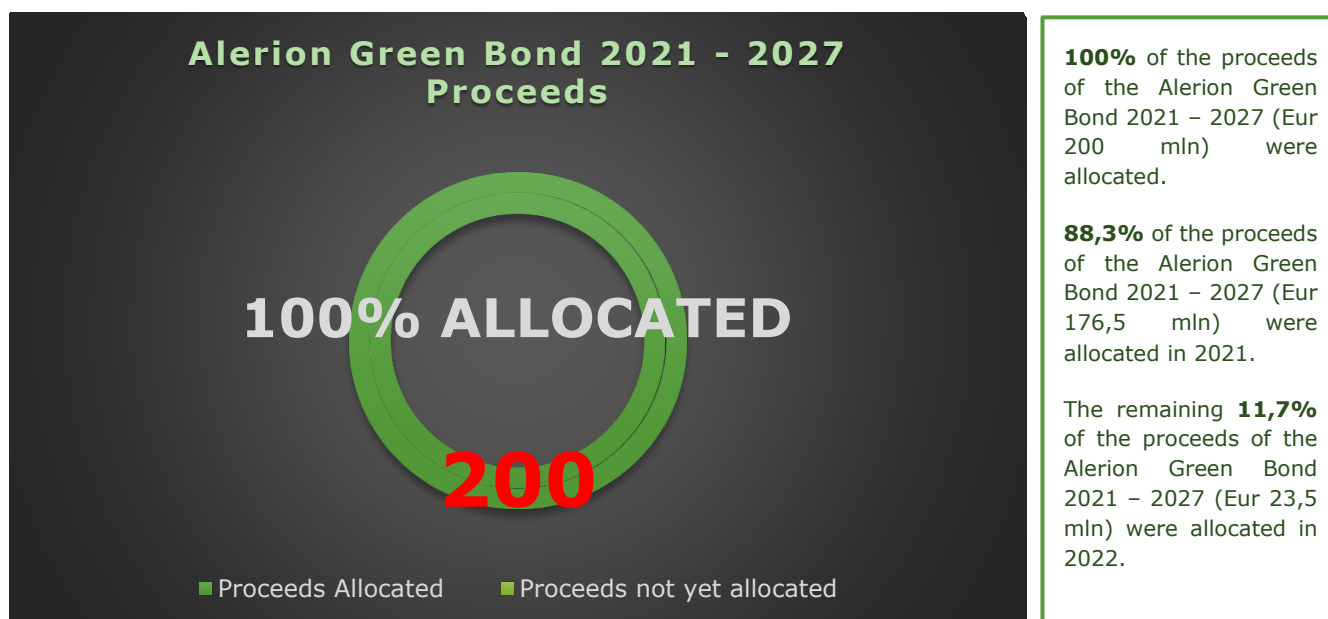
Allocation: The amount of the "Green Bond 2021 - 2027 Proceeds" have been approved by Alerion's Green Bond Committee on the meeting held on March 09, 2023.

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<sup>1</sup> 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.

#### 4-ALLOCATION SUMMARY

ALERION GREEN BOND 2021 – 2027” proceeds were allocated as detailed in the tables below “Allocation of proceeds”:



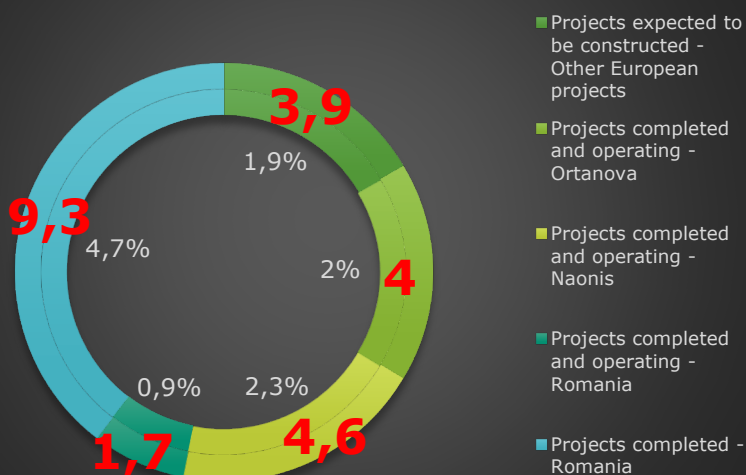
- 1) The early redemption of the “Euro 150 million Alerion Clean Power S.p.A. 2018-2024” bond (ISIN IT0005333627);
- 2) any amount in excess thereof will be applied to finance in whole or in part future investments in Eligible Green Projects. “Eligible Green Projects” will include:
  - new wind and/or 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.

### Proceeds allocated in eligible projects in 2022



**11,7%** of the proceeds of the Alerion Green Bond 2021 - 2027 (Eur 23,5 mln) were allocated in 2022.

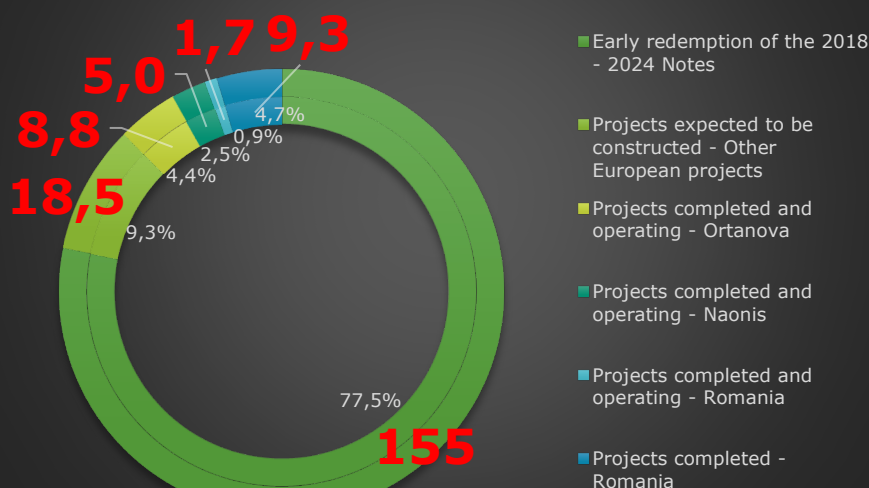
**4,3%** of the proceeds of the ALERION Green Bond 2021 - 2027 (Eur 8,6 mln) were allocated to the development and construction of the two Italian new wind power plant projects of Ortanova (Eur 4 mln) and Naonis (Eur 4,6 mln), that are completed and operating as at 31 december 2022.

**5,5%** of the proceeds of the ALERION Green Bond 2021 - 2027 (Eur 11 mln) were allocated to the development and construction of seven new Romanian solar power plant projects, that are completed (Eur 9,3 mln) or completed and operating (Eur 1,7 mln) as at 31 december 2022.

**1,9%** of the proceeds of the ALERION Green Bond 2021 - 2027 (Eur 3,9 mln) were related to design, construction, development, installation, maintenance or acquisition of new wind and solar power generation projects located in Romania.

The amounts reported in the table above are net of the issuance costs of the bond

### Cumulated allocation Proceeds allocated in eligible projects in 2021 and in 2022



**77,5%** of the proceeds of the ALERION Green Bond 2021 - 2027 (Eur 155 mln) were allocated for the early redemption of the "Euro 150 million Alerion Clean Power S.p.A. 2018-2024" bond (ISIN IT0005333627).

**6,9%** of the proceeds of the ALERION Green Bond 2021 - 2027 (Eur 13,8 mln) were allocated to the development and construction of the two Italian new wind power plant projects of Ortanova (Eur 8,8 mln) and Naonis (Eur 5 mln).

**9,3%** of the proceeds of the ALERION Green Bond 2021 - 2027 (Eur 18,5 mln) were related to design, construction, development, installation, maintenance or acquisition of new wind and solar power generation projects located in Europe, in particular in Italy, Romania and Spain.

**5,5%** of the proceeds of the ALERION Green Bond 2021 - 2027 (Eur 11 mln) were allocated in 2022 to the development and construction of seven new Romanian solar power plant projects, that are completed (Eur 9,3 mln) or completed and operating (Eur 1,7 mln) as at 31 december 2022.

The amounts reported in the table above are net of the issuance costs of the bond

## Allocation and Impact details at the project level

The proceeds amount allocated reported in the table below are net of the issuance costs of the bond

<b>ELIGIBLE PROJECTS ALLOCATION - 2022</b>  Plant  Region  Country  Total Capacity in MW  Equity  Participation %  Total Capacity in MW (Consolidated)  Date of entry in operation  Acquisition Date  Production actual 2022 (MWh)  Eligible Category  Eligibility Criteria  Emission Factor (g CO2/kWh)*	New wind/solar farms project design, development, manufacture and construction								
	ENERMAC SRL	NAONIS WIND SRL	TREMALZO SRL	FRAVORT SRL	INSPIRE PARC SOLAR SRL	SOLAR LIVE ENERGY SRL	FRASINET	CAVIGNON SRL	GREEN FOTOVOLTAIC PARC SRL
	Ortanova e Stornarella (FG)	Cerignola (FG)	Vlasca	Rosiorii de Vede	Dobresti	Sadova	Frasinet	Gradinari	Plesoi
	Puglia	Puglia	Teleorman	Teleorman	Dolj	Dolj	Calarasi	Olt	Dolj
	Italy	Italy	Romania	Romania	Romania	Romania	Romania	Romania	Romania
	51	11	4	4,9	3,8	3,6	53,3	5	5,4
	100%	100%	100%	100%	100%	100%	100%	100%	100%
	51	11	4	4,9	3,8	3,6	53,3	5	5,4
	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	34.963	7.125	4.277	4.339	78	61	Completed	Completed	Completed
	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy
	Wind Farm	Wind Farm	Solar Farm	Solar Farm	Solar Farm	Solar Farm	Solar Farm	Solar Farm	Solar Farm
	472	472	700	700	700	700	n.a.	n.a.	n.a.
Other wind and solar power generation projects under construction located in Europe, in particular in Italy, Romania and Spain.									
Green Bond Proceeds allocated (Eur mln)									
	4	4,6	0,2	0,4	0,6	0,5	7,2	1,7	0,4
									3,9



## ELIGIBLE PROJECTS ALLOCATION - 2021

<b>Plant</b>  <b>Region</b>  <b>Country</b>  <b>Total Capacity in MW</b>  <b>Equity Participation %</b>  <b>Total Capacity in MW (Consolidated)</b>  <b>Date of entry in operation</b>  <b>Acquisition Date</b>  <b>Production actual 2021 (MWh)</b>  <b>Eligible Category</b>  <b>Eligibility Criteria</b>  <b>Emission Factor (g CO2/kWh)*</b>	New wind/solar farms project design, development, manufacture and construction			Early redemption of the 2018-2024 bond
	ENERMAC SRL	NAONIS WIND SRL	Assets under construction	ALERION CLEAN POWER S.p.A.
	Ortanova e Stornarella (FG)	Cerignola (FG)	Other wind and solar power generation projects under construction located in Europe, in particular in Italy, Romania and Spain.	Early redemption of the "Euro 150 million Alerion Clean Power S.p.A. 2018-2024" bond (ISIN IT0005333627).
	Puglia	Puglia		
	Italy	Italy		
	51	11		
	100%	100%		
	51	11		
	n.a.	n.a.		
	n.a.	n.a.		
	Under construction	Under construction		
	Renewable energy	Renewable energy		
	Wind Farm	Wind Farm		
	n.a.	n.a.		
Green Bond Proceeds allocated (Eur mln)	4,7	0,5	14,6	155

(\*) SOURCE: ENERDATA Note: the following specific emission coefficients referred to fuel consumption for thermoelectric production were used for the assessment of CO2 emissions: 4.03 t / toe for coal, 3.27 t / toe for fuel oil and 2.35 t / toe for natural gas.



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## Independent auditors' report on the Green Bond Report 2021-2027

*To the board of directors of  
Alerion Clean Power S.p.A.*

We have been engaged to perform a limited assurance engagement on the Eligible Green Projects and related Reporting Metrics data as of 31 December 2022 included in the Allocation Summary, presented in the attached Green Bond Report 2021-2027 of Alerion Clean Power S.p.A. (the "company") prepared on the basis of the Green Bond Framework dated October 2021 (the "Framework") and available on the company's website, developed by the company in accordance with the Green Bond Principles 2021 issued by the International Capital Market Association - ICMA (the "Principles") and related to the Green Bond issued on 3 November 2021 (the "Green Bond 2021").

### **Responsibilities of the company's directors for the report**

The directors are responsible for the preparation of the Green Bond Report 2021-2027 and of the Allocation Summary included therein in accordance with the Framework, developed by the company in accordance with the Principles. In particular, the directors are responsible for the preparation of the Eligible Green Projects and related Reporting Metrics data included in the Allocation Summary in accordance with the Framework.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Green Bond Report 2021-2027 and of an Allocation Summary included therein that are free from material misstatement, whether due to fraud or error. It also includes identifying the content of the Green Bond Report 2021-2027 and of the Allocation Summary included therein, selecting and applying policies, and making judgments and estimates that are reasonable in the circumstances.

### **Auditors' independence and quality control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our firm applies International Standard on Quality Control 1 (ISQC (Italia) 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditors' responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, about the Eligible Green Projects and related Reporting Metrics data included in the Allocation Summary, presented in the



**Alerion Clean Power S.p.A.**

*Independent auditors' report on the Green Bond Report 2021-2027*

*31 December 2022*

Green Bond 2021. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board ("IAASB") applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Eligible Green Projects and related Reporting Metrics data included in the Allocation Summary are free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 Revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the Eligible Green Projects and related Reporting Metrics data included in the Allocation Summary are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the Allocation Summary, supporting evidence, recalculations and other evidence gathering procedures, as deemed appropriate.

Specifically, we carried out the following main procedures:

- analyzing the second party opinion which addresses the compliance of the Green Bond 2021 to the voluntary guidelines of the Principles;
- interviewing relevant staff at corporate and business level responsible for the Green Bond 2021 management and reporting;
- interviewing relevant staff at corporate and business level responsible for providing and consolidating data related to Eligible Green Projects and related Reporting Metrics;
- evaluating the design and implementation of the reporting processes and the controls regarding the Eligible Green Projects and related Reporting Metrics data;
- evaluating a sample of internal and external documentation to determine whether data related to Eligible Green Projects and Reporting Metrics are supported by sufficient evidence in line with the Framework.

## **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Eligible Green Projects and related Reporting Metrics data as of 31 December 2022 included in the Allocation Summary, presented in the Green Bond Report 2021-2027 of Alerion Clean Power S.p.A., are not prepared, in all material respects, in accordance with the Green Bond Framework dated October 2021.

Milan, 31 March 2023

KPMG S.p.A.

Silvia Di Francesco  
Director of Audit