

Greenvolt 2021-2028 Green Bond

2021 ALLOCATION AND IMPACT REPORT

Introduction

Greenvolt – Energias Renováveis, S.A. ("GreenVolt") is a Portuguese company, dedicated, among other activities, to the promotion, development, operation, maintenance and management, directly or indirectly, in Portugal or abroad, of power stations and other facilities of generation, storage and supply of renewable energy, such as sourced from bioelectric, solar, wind, water, industrial or urban waste, biomass or any other renewable source, having issued, in November 2021, a Green Bond, admitted to trading in Portugal, on the Euronext Lisbon regulated market.

To finance its investments, GreenVolt developed a Green Bond Framework, which served as the basis for the issuance of its GreenVolt 2021-2028 Green Bond, having been issued 10,000 Notes, each with a nominal value of Euro 10,000 (ten thousand Euro), corresponding to a total nominal value of Euro 100,000,000 (one-hundred million Euro), and with a coupon rate of 2.625%.

The use of proceeds of this first issuance was exclusively allocated to the refinancing of the financing structure implement to finance the acquisition of Tilbury Green Power (TGP) – in the United Kingdom – a joint venture, in which GreenVolt (indirectly) acquired a 51% stake, in June 2021.

The Issuance aligns with the established guidelines of the Green Bond Principles, drawn up by the International Capital Market Association, having obtained a positive Second-Party Opinion ("SPO") from the independent and specialist company in ESG ratings and research Sustainalytics.

This document presents, as defined in the GreenVolt Green Bond Framework, the annual report to investors regarding the investment allocation, including relevant information on the application of funds and on the resulting environmental benefits.

The information included here is available on GreenVolt's website, at <https://greenvolt.pt/en/investors/green-funding>.

Project description

The operation aimed to refinance the funding structure put in place to finance the acquisition of Tilbury Green Power (TGP) – in the United Kingdom – a joint venture, in which GreenVolt (indirectly) acquired a 51% stake, in June 2021.

TGP is a renewable energy biomass power plant, located in the port of Tilbury, Essex, England. It is located approximately 25 miles from central London, and it is, therefore, strategically located to process waste wood for the area.

Tilbury Power Plant operation plays a key role in meeting the UK's climate objectives, namely, with regard to the reduction of the greenhouse effect resulting from the use of fossil fuels, being fully aligned with the principles of the circular economy.

Tilbury Power Plant was built following the most robust and demanding technical specifications based on proven modern technology and is considered one of the best performances plants in the United Kingdom.

The plant has an injection capacity of 41.6 MW and started operations in January 2019.

Green Bond Framework:

 <p>Use of proceeds</p>	<p>The main goal is the utilisation of the proceeds for Green Projects, which should provide clear environmental benefits. The eligibility criteria defined in the Green Bond Framework are:</p> <ol style="list-style-type: none"> 1. Renewable and Clean Energy; 2. Energy Efficiency; 3. Integrated Pollution Prevention and Control.
 <p>Project evaluation and selection</p>	<ul style="list-style-type: none"> • GreenVolt has established a Green Bond Committee (GBC) which is composed of members from the following departments: Engineering, Sustainability, Legal and Finance. The GBC is in charge of selecting eligible assets after proposed projects and merger and acquisition (M&A) transactions have been reviewed by GreenVolt's Investment Working Group (IWG). • GreenVolt analyses and conducts pre-screening of projects considering environmental and social risks. Projects that do not comply with E&S risk assessment or have credibility risk will be rejected and not be taken into consideration.
 <p>Management of proceeds</p>	<ul style="list-style-type: none"> • GreenVolt will manage the proceeds of the bonds on a portfolio basis using an internal management system. This process is overseen by the Finance department. • All proceeds from the first issuance will be immediately allocated to the acquisition of Tilbury Green Power. This transaction closed in June 2021. Look-back period and time to allocation are, therefore, in line with market practice. • Pending allocation, GreenVolt will temporarily hold and/or invest in its treasury liquidity portfolio (in cash or cash equivalents), or in reimbursement/purchase of existing debt. Proceeds not immediately disbursed will not be invested in non-green projects, GHG intensive activities nor in controversial activities.
 <p>Reporting</p>	<ul style="list-style-type: none"> • GreenVolt will report within its Sustainability Report, on an annual basis, on the allocation and impact of proceeds until full allocation. The issuer may also provide separate impact reporting documents. Reporting will be based on a portfolio approach per type of renewable asset. • Allocation reporting will include a description of projects, disclose a breakdown of the proceeds outstanding, the total amount of the proceeds allocated and the unallocated amount. • Impact reporting will include indicators such as injected renewable energy capacity (MW), expected annual renewable energy generation (MWh), reduction of waste wood biomass and estimated annual GHG emission avoided or reduced (tCO₂e).

Green Bond Allocation Report

Eligible Green Projects (1)	Available amount (€) (2)	Proceeds allocation project (3)	Assigned amount (€) (4)	Allocated amount (€) (5)	Percentage of proceeds allocated (%) (6)
1. Renewable and Clean Energy 2. Energy Efficiency 3. Integrated Pollution Prevention and Control	100,000,000	Acquisition of Tilbury Green Power	103,372,653	100,000,000	100%
Total	100,000,000			100,000,000	

- (1) Categories of eligible projects
 (2) Total Green Bond amount
 (3) Project to which proceeds were allocated
 (4) Project assigned amount
 (5) Green Bond amount allocated to the project
 (6) Percentage of use of Green Bond proceeds

Green Bond Impact Report (data from July to December 2021)

Eligible Green Projects (1)	Available amount (€) (2)	Allocated amount (€) (3)	Eligible value (%) (4)	Injection capacity (MW) (5)	Injected renewable energy (MWh) (6)	CO ₂ emissions avoided (tonCO ₂ e) (7)	Wood waste recycled from construction and demolition (ton) (8)
Acquisition of Tilbury Green Power	100,000,000	100,000,000	100%	41.6	161,849	34,365	132,305
Total	100,000,000				161,849	34,365	132,305

- (1) Identification of projects falling under the eligible categories: 1. Renewable and Clean Energy and 2. Energy Efficiency 3. Integrated Pollution Prevention and Control
 (2) Total Green Bond amount
 (3) Green Bond amount allocated to the project
 (4) Eligible value
 (5) Injected renewable energy capacity
 (6) Renewable energy injected by project in the reference period, between July and December 2021
 (7) Avoided emissions. Avoided emissions are those corresponding to the emissions that would occur if the electricity produced resulted from the national system, using as a reference the emission factor of the national grid, available at: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>
 (8) Biomass consumed by Tilbury Green Power, in the reference period, between July and December 2021

Greenvolt – Energias Renováveis S.A.

Type of Engagement: Annual Review

Date: March 23, 2022

Engagement Team:

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Introduction

In November 2021, Greenvolt – Energias Renováveis S.A. (“Greenvolt”)¹ issued green bonds aimed at refinancing the acquisition of Tilbury Green Power (“TGP”), a joint venture, in which Greenvolt indirectly acquired a 51% stake, in June 2021 in the UK. The green bonds have financed² a project according to the categories listed in the Framework, namely – Renewable and Clean Energy, Energy Efficiency, and Integrated Pollution Prevention and Control. In October 2021, Sustainalytics provided a Second-Party Opinion³ on the Greenvolt – Energias Renováveis S.A. Bond Framework (the “Greenvolt Green Bond Framework” or the “Framework”).⁴ In March 2022, Greenvolt engaged Sustainalytics to review the projects funded through the issued 2021 green bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Green Bond Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2021 green based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Greenvolt Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Greenvolt Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Renewable and Clean Energy / Energy Efficiency	Renewable energy projects and energy efficiency projects (including residual forest biomass, wood waste, wind and solar, decentralized generation and storage), M&A transactions within the renewable energy sector, and other related and supporting expenditures such as R&D	<ul style="list-style-type: none"> • Installed renewable energy capacity (MW) • Expected annual renewable energy generation (MWh) • Estimated annual GHG emission avoided or reduced (tCO₂e)
Integrated Pollution Prevention and Control	Projects contribute to decreased air and GHG emissions. Biomass power plants designed and operated according to the Best Available Techniques reference document (BREF). ⁵	<ul style="list-style-type: none"> • Reduction of biomass waste in the forest • Recycled construction and demolition wood waste • Estimated annual GHG emission avoided or reduced (tCO₂e) • Emissions of dust, nitrogen oxides (NO_x), and sulphur dioxide (SO₂)

¹ Greenvolt – Energias Renováveis, S.A., Portuguese company and subsidiary of the Altri Group.

² The proceeds were fully allocated in 2021.

³ Sustainalytics’ Second-Party Opinion on the Framework is available at: https://greenvolt.pt/fileManager/comunicados/pdf_en_81.pdf

⁴ The Greenvolt Green Bond Framework is available at: https://greenvolt.pt/fileManager/comunicados/pdf_en_79.pdf

⁵ EU, “Best Available Techniques (BAT) for Large Combustion Plants”, (2010), at: <https://op.europa.eu/en/publication-detail/-/publication/c31e5e11-db60-11e7-a506-01aa75ed71a1/language-en>

Issuing Entity's Responsibility

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Greenvolt's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Greenvolt employees and review of documentation to confirm the conformance with the Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by Greenvolt with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Greenvolt.

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 over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Greenvolt's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework. Greenvolt has disclosed to Sustainalytics that the proceeds of the green bond were used to refinance the acquisition of TGP, which took place in June 2021.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green bond in 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green bond in 2021 to determine if the impact of projects was reported in line with the KPIs outlined in the Green Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

⁶ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting by Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria	Number of Projects	Total Allocated Amount (EUR)
Renewable and Clean Energy / Energy Efficiency	Acquisition of Tilbury Green Power	1	100,000,000
Integrated Pollution Prevention and Control			
Allocated proceeds (EUR)			103,372,653
Net proceeds raised from the issuance (EUR)			100,000,000
Percentage of net proceeds allocated			100%

Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria	Green Bond Impact Reported by Eligibility Criteria			
		Project capacity (MW)	Renewable energy generated (MWh) ⁷	CO ₂ emissions avoided (tCO ₂ e) ⁸	Wood waste recycled from construction and demolition (ton) ⁹
Renewable and Clean Energy / Energy Efficiency / Integrated Pollution Prevention and Control	Acquisition of Tilbury Green Power ¹⁰	41.6	161,849	34,365	132,305

⁷ Renewable energy injected by project in the reference period, between July and December 2021

⁸ Avoided emissions. Avoided emissions are those corresponding to the emissions that would occur if the electricity produced resulted from the national system, using as a reference the emission factor of the national grid, available at:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

⁹ Biomass consumed by Tilbury Green Power, in the reference period, between July and December 2021

¹⁰ Data from July to December 2021

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2021, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the fourth consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2021 for the third consecutive year. For more information, visit www.sustainalytics.com.



INDEPENDENT LIMITED ASSURANCE REPORT

(Free translation of a report originally issued in Portuguese language: in case of doubt the Portuguese version will always prevail)

**To the Board of Directors of
Greenvolt Energias Renováveis, S.A.**

Introduction

We have performed a limited assurance engagement in order to report on the Green Bonds Allocation and Impact Report (“Greenvolt Green Bonds Report”) of Greenvolt Energias Renováveis, S.A. (“Greenvolt”), included in Annex III (A) of the 2021 Sustainability Report of Greenvolt Group, which was prepared by the Company’s Board of Directors in accordance with Greenvolt Green Bond Framework (“Greenvolt Framework”).

Responsibilities

The Board of Directors is responsible for the preparation and content of the Greenvolt Green Bond Report, included in Annex III (A) of the 2021 Sustainability Report of Greenvolt Group in accordance with the Greenvolt Framework, as for designing and maintaining an appropriate internal control system to enable the preparation of the information.

Our responsibility is to issue an independent and professional limited assurance report based on the procedures performed and specified in the “Scope” section.

Scope

Our work was performed in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Those standards require that we plan and perform the review to obtain limited assurance about whether the information included in the Green Bonds Report is free from material misstatement.

The procedures performed are dependent on our professional judgment, considering our understanding of the Company, the use of the proceeds of the Green Bonds and other circumstances relevant to our work. Our work included:

- i) interviewing Greenvolt’s employees involved in the preparation of the Greenvolt Green Bonds Report so to understand the projects financed or refinanced, the management internal procedures and systems in place, as well as the associated control environment;
- ii) verify the application of eligibility criteria’s, described in the Greenvolt Framework, regarding the selection of the projects financed and refinanced by the resources obtained through the Green Bond emission of Greenvolt;
- iii) analyzing the procedures used for obtaining the information and data presented on the Greenvolt Green Bonds Report;

- iv) validating that the information disclosed is in accordance with the reporting requirements established on the Greenvolt Framework; and
- v) verifying, on a sample basis, the information related with indicators included on the Greenvolt Green Bonds Report, as well as verifying that they were appropriately compiled from the data provided by the Company's information sources.

The procedures performed on a limited assurance engagement are substantially less in scope than a reasonable assurance engagement and, consequently, a lower level of assurance than in a reasonable assurance engagement, is obtained. Accordingly, we do not express an opinion on the Greenvolt Green Bonds Report. We consider that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We conducted our work in compliance with the ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors), which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professional behavior.

We applied the International Standards on Quality Control 1. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the information included on Green Bonds Allocation and Impact Report, included in Annex III (A) of the 2021 Sustainability Report of Greenvolt Group, has not been prepared, in all material respects, in accordance with reporting criteria disclosed in the Green Bonds Report and in the Framework.

Restriction of use

This report is intend solely for the purposes of reporting on the performance and activities related with the issuance and use of Green Bonds proceeds as requested by the Board of Directors of the Company. We will not assume any responsibility for our work and our conclusion to third parties other than the Company. Our report should not be used for any other purpose and should not be published in other document besides 2021 Sustainability Reports of Greenvolt Group and Altri Group.

Lisbon, March 30 2022

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