

GREEN BONDS ALLOCATION AND IMPACT REPORT

Introduction

Grupo Altri, through its subsidiary Sociedade Bioelétrica do Mondego, SA ("SBM"), and Banco BPI, SA ("BPI") launched the first green bond issue admitted to trading in Portugal in the unregulated market Euronext Access Lisbon in February 2019.

Sociedade Bioelétrica do Mondego, S.A. is a Portuguese company, 100% owned by Grupo Altri, dedicated to construction, operation and maintenance of a 34.5 MW capacity biomass power plant, located in Figueira da Foz.

To finance its investments, SBM developed an SBM Green Bond Framework, which served as the basis for the issuance of its SBM 2019-2029 Green Bond, by private subscription, in the amount of Euro 50,000,000 (fifty million euros), with a coupon rate of 1.90%.

The use of proceeds was allocated exclusively to the financing of the 34.5 MW biomass thermoelectric plant, located in Celbi's manufacturing perimeter, although in the initial phase of the project there were advances of own funds made by SBM's parent company.

The SBM Green Bond Framework is in line with the conditions established by the Green Bond Principles published by the International Capital Market Association, having obtained a positive Second Party Opinion ("SPO") from the ESG ratings company and specialized independent research Sustainalytics.

This document presents, as defined in the SBM 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 the Altri website, at <http://www.altri.pt/pt/investors/green-funding/green-bond>.






Project description

The operation was intended to finance the investments of Sociedade Bioelétrica do Mondego, SA, in the construction of a new biomass thermoelectric power plant of the Altri Group, located in Figueira da Foz, contributing to the pursuit of a structural policy in the energy field, which allows reduction of external dependency and of the greenhouse effect resulting from the use of fossil fuels. The use of forest biomass, on the other hand, in addition to contributing to job creation and forest management, allows to reduce fire risks, promoting an environment for the production of clean and renewable energy, thus reinforcing the sustainability commitment of the Altri Group.

This investment by SBM contributed to the diversification of the energy sources of the Altri Group and is part of the strategy defined for the national energy policy, through the construction of a central for production of electricity from non-conventional sources (namely, the energy recovery of forest biomass).

The Biomass Plant started operating in July 2019, having produced a total of 116,030 MWh in the start-up year.

Summary of SBM Green Bond Framework:

 <p>Use of proceeds</p>	<p>The main goal of this Green Bond is the utilisation of the proceeds for Green Projects, which should provide clear environmental benefits. The eligible Green Projects that SBM is considering the financing are:</p> <ol style="list-style-type: none"> 1. Renewable and clean energy production 2. Integrated pollution prevention
 <p>Positive impacts</p>	<ul style="list-style-type: none"> • Energy efficiency. • National energy bill decrease. • Job creation and economic growth. • Reduction of forest fire risk / Sustainable Forest Management ("SFM") • Enhance circular economy.
 <p>Project evaluation / selection</p>	<ul style="list-style-type: none"> • SBM's projects are proposed to the Investment Working Group, which is formed by SBM directors. This group manages and reviews all proposed projects. • Eligible Green projects are selected from the various eligible sectors and result from the application of the eligibility criteria, under the responsibility of the Green Bond Committee. • Only projects approved by both Investment Working Group and Green Bond Committee will be considered for Green Bond financing. • Eligible Green Projects are monitored and subjected to reporting in an annual basis.
 <p>Management of proceeds</p>	<ul style="list-style-type: none"> • The net proceeds of green bonds issued will be managed on a single project / single company basis. • The Finance Department will guarantee the allocation of net proceeds by following an internal management system that aims to define the destination of cash flows, set reserved accounts for not invested funds and adjust periodically the net proceeds. • Proceeds not immediately disbursed will be held and not invested in non-green projects, GHG intensive activities, nor controversial activities: proceeds not disbursed shall be invested according to SBM's liquidity and/or liability management activities, following the market best practices.
 <p>Reporting</p>	<ul style="list-style-type: none"> • SBM will provide an annual update on the use of proceeds related to its Green Bonds issuance. • The report is expected to disclose a breakdown of the Green Bond proceeds outstanding and the amount of allocated and unallocated proceeds. • Information should include Performance Indicators to allow access the environmental impact of its Eligible Green Projects. • Examples of products and impact indicators considered <ol style="list-style-type: none"> <u>1. Renewable and clean energy production:</u> <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) <u>2. Integrated pollution prevention</u> <ul style="list-style-type: none"> - Reduction of biomass waste in the forest - Estimated annual GHG emission avoided or reduced (tCO₂e)

Green Bond Allocation Report (data corresponding to July to December 2019)

Eligible Green Project (1)	Signed amount (€) (2)	Proceeds allocation project (3)	Alocated amount (€) (4)	Weight in total value of active (%) (5)	Percentage of proceeds allocated (%) (6)
1. Renewable and clean energy production 2. Integrated pollution prevention	50,000,000	Biomass Power Plant	50,000,000	60.28%	100%
Total	50,000,000		50,000,000		

- (1) Categories of eligible projects
 (2) Total Green Bond value
 (3) Project to which proceeds were allocated
 (4) Amount allocated to project
 (5) Weigh of Green Bond proceeds in total value of project
 (6) Percentage of use of Green Bond proceeds

Green Bond Impact Report (data corresponding to July to December 2019)

Eligible Green Project (1)	Signed amount (2)	Weight in total Green Bond (%) (3)	Eligible value (%) (4)	Installed capacity (MW) (5)	Renewable energy annual generation (MWh) (6)	CO ₂ emissions avoided (tonCO ₂ e) (7)	Reduction of biomass waste in the forest (ton) (8)
Biomass Power Plant	50	100%	100%	34.5	116,030	34,577	176,000 (50% wet)
Total	50				116,030	34,577	176,000

- (1) Identification of projects falling under the eligible categories: 1. Renewable and clean energy production and 2. Integrated pollution prevention
 (1) Total Green Bond value
 (2) Weight of project in total Green Bond proceeds
 (3) Eligible value
 (4) Installed renewable energy capacity
 (5) Renewable energy generation by project in the reference period, between July and December 2019
 (6) 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 network
https://www.erse.pt/media/hnsfi3om/energia_em_numeros_edicao_2019.pdf.
 (7) Biomass used by the Biomass Power Plant.

Sociedade Bioelétrica do Mondego

Type of Engagement: Annual Review

Date: March 11, 2020

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Introduction

In 2019, Sociedade Bioelétrica do Mondego (“SBM” or the “Issuer”) issued green bonds aimed at exclusively financing the development of a 34.5 MW capacity biomass power plant, which is attached to the pulp mill of its sister company, Celbi.¹ In 2020, SBM engaged Sustainalytics to review the projects funded through the issued green bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Sociedade Bioelétrica do Mondego Green Bond.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2019 based on whether the project:

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

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the associated KPIs.

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

Use of Proceeds	Eligibility Criteria
Renewable and Clean Energy	<ul style="list-style-type: none"> • Biomass energy generation: <ul style="list-style-type: none"> ○ Endogenous renewable energy source (biomass), thereby avoiding greenhouse gas emissions; ○ Energy production from biomass from Altri Group's² own operations and external sources to supply to the national grid.
Integrated Pollution Prevention and Control	<ul style="list-style-type: none"> • Reduction of air emissions and greenhouse gas reduction. • Contribution to decreased GHG emissions. • Design and operation of biomass power plant according to the Best Available Techniques reference document (BREF) published by the European Union for the energy production sector.

Table 2: Key Performance Indicators

Key performance indicators	
Renewable and Clean Energy	<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	<ul style="list-style-type: none"> • Reduction of biomass waste in the forest • Estimated annual GHG emission avoided or reduced (tCO₂e)

¹ While the proceeds were allocated exclusively to the financing of the thermoelectric plant, in the initial phase of the project there were advances of own funds made by SBM's parent company.

² Sociedade Bioelétrica do Mondego, S.A. is a Portuguese company, wholly-owned by the Altri Group.

	<ul style="list-style-type: none"> Emissions of dust, nitrogen oxides (NOx), sulphur dioxide (SO₂) and hydrochloric acid and hydrofluoric acid (HCL and HF)
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Issuing Entity's Responsibility

SBM is responsible for providing accurate information and 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.

Independence and Quality Control

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

Sustainalytics has relied on the information and the facts presented by SBM 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 SBM.

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,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of SBM's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Sociedade Bioelétrica do Mondego Green Bond. SBM has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of December 2019.

Detailed Findings

Table 3: 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 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Sociedade Bioelétrica do Mondego Green Bond 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 2019 to determine if impact of projects was reported in line with the KPIs outlined in the Sociedade Bioelétrica do Mondego Green Bond and above in Table 2. 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

³ 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.

Appendix 1: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria
Renewable and Clean Energy	<ul style="list-style-type: none">• Installed renewable energy capacity from 2019 is reported as 34.5 MW.• Annual renewable energy generation from 2019 is reported as 116,030 MWh.• Annual GHG emission avoided from 2019 is reported as 34,577 tCO₂e.
Integrated Pollution Prevention and Control	<ul style="list-style-type: none">• Reduction of biomass waste in the forest from 2019 is reported as 176,000 t (50% wet).

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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider." The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

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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 Sociedade Bioelétrica do Mondego, S.A.

Introduction

We have performed a limited assurance engagement in order to report on the Green Bonds Allocation and Impact Report ("Green Bonds Report") of Sociedade Bioelétrica do Mondego, S.A. ("Company" or "SBM"), included in the 2019 Sustainability Report of Altri, SGPS, S.A., which was prepared by the Company's Board of Directors in accordance with SBM Green Bond Framework ("Framework").

Responsibilities

The Board of Directors is responsible for the preparation and content of the Green Bond Report, included in the 2019 Sustainability Report of Altri Group in accordance with the 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 session "Scope"

Scope

Our work was performed in accordance with ISAE 3000 (revised) – International Standard on Assurance Engagements Assurance Engagements Other than Audits or Reviews of Historical Financial Information 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 entity, the use of the proceeds of the Green Bonds and other circumstances relevant to our work. Our work included:

- i) Interview Altri SGPS, S.A. employees involved in the preparation of the Green Bonds so to understand the projects financed or refinanced, the management and reporting principles, systems and procedures applied, as well as the associated control environment.
- ii) Verification of the application of the eligibility criteria described in the Framework for the selection of financed or refinanced projects by the Green Bonds proceeds;

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- iii) Analyzing the procedures used for obtaining the information and data presented on the Green Bonds Allocation and Impact Report;
- iv) Verifying, on a sample basis, the information related with indicators included on the Green Bonds Allocation and Impact Report, as well as verifying that they were appropriately compiled from the data provided by Company sources of information;
- v) Validate that information disclosed is in accordance with the report requirements established on the Framework.

The procedures performed on a limited assurance engagement are substantially less in scope than an 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 Green Bonds Allocation and Impact 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 the Sustainability Report of Altri 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 2019 Sustainability Report of Altri Group.

Porto, 27 March 2020

Deloitte & Associados, SROC S.A.
Represented by Nuno Miguel dos Santos Figueiredo, ROC