

## SBM 2019-2029 Green Bond

### 2022 ALLOCATION AND IMPACT REPORT

#### Introduction

Sociedade Bioelétrica do Mondego, S.A. ("SBM") and Banco BPI, S.A. ("BPI") launched the first green bond issuance 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 Greenvolt – Energias Renováveis, S.A. ("Greenvolt"), 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 a SBM Green Bond Framework, which served as the basis for the issuance of its SBM 2019-2029 Green Bond, by private placement, in the amount of Euro 50,000,000 (fifty-million Euro), with a coupon rate of 1.90%.

The use of proceeds was allocated exclusively to the financing of the 34.5 MW biomass power 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 and specialised independent research company 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 Greenvolt's website, at <https://greenvolt.com/investors/fixed-income/#greenfunding>.






#### Project description

The operation was intended to finance the investments of Sociedade Bioelétrica do Mondego, S.A., in the construction of a new biomass power plant of Greenvolt, located in Figueira da Foz, contributing to the pursuit of a structuring policy in the energy field, which allows to reduce the external dependency and the greenhouse effect resulting from the use of fossil fuels. The use of residual forest biomass, on the other hand, in addition to contribute to job creation and sustainable forest management practices, allows to reduce fire risks, promoting a clean and renewable energy environment, thus reinforcing the sustainability commitment of Greenvolt.

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

The Biomass Plant started operating in July 2019, having produced a total of 283,945 MWh in 2022.

## Summary of the SBM 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 SBM Green Bond Framework are:</p> <ol style="list-style-type: none"> <li>1. Renewable and Clean Energy</li> <li>2. Integrated Pollution Prevention and Control</li> </ol>
 <p>Positive impacts</p>	<ul style="list-style-type: none"> <li>• Energy Efficiency.</li> <li>• National Energy Bill Decrease.</li> <li>• Job Creation and Economic Growth.</li> <li>• Reduction of Forest Fire Risk / Sustainable Forest Management ("SFM") Practices.</li> <li>• Enhance Circular Economy.</li> </ul>
 <p>Project evaluation / selection</p>	<ul style="list-style-type: none"> <li>• SBM's projects are proposed to the Investment Working Group, which is formed by SBM directors. This group manages and reviews all proposed projects.</li> <li>• Eligible Green projects are selected among the various eligible sectors and result from the application of the eligibility criteria, under the responsibility of the Green Bond Committee.</li> <li>• Only those projects approved by both Investment Working Group and Green Bond Committee will be considered for Green Bond financing.</li> <li>• Eligible Green Projects are monitored and reported on an annual basis.</li> </ul>
 <p>Management of proceeds</p>	<ul style="list-style-type: none"> <li>• The net proceeds of the green bonds issued will be managed on a single project / single company basis.</li> <li>• The Finance Department ensures the allocation of net proceeds according to 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.</li> <li>• 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.</li> </ul>
 <p>Reporting</p>	<ul style="list-style-type: none"> <li>• SBM will provide an annual update on the use of proceeds related to its Green Bonds issuance.</li> <li>• The report is expected to disclose a breakdown of the Green Bond proceeds outstanding and the amount of allocated and unallocated proceeds.</li> <li>• Information should include Performance Indicators to allow access the environmental impact of its Eligible Green Projects.</li> <li>• Examples of products and impact indicators considered             <ol style="list-style-type: none"> <li><u>1. Renewable and Clean Energy:</u> <ul style="list-style-type: none"> <li>- Installed renewable energy capacity (MW)</li> <li>- Expected annual renewable energy generation (MWh)</li> <li>- Estimated annual GHG emission avoided or reduced (tCO<sub>2</sub>e)</li> </ul> </li> <li><u>2. Integrated Pollution Prevention and Control:</u> <ul style="list-style-type: none"> <li>- Reduction of biomass waste in the forest</li> <li>- Estimated annual GHG emission avoided or reduced (tCO<sub>2</sub>e)</li> </ul> </li> </ol> </li> </ul>

## Green Bond Allocation Report

The proceeds' allocation was made in full in 2019 (this information can be seen in more detail in the [2019 Green Bonds Report](#), which was reviewed by both Sustainalytics and Deloitte).

Eligible Green Project (1)	Signed amount (€) (2)	Proceeds allocation project (3)	Allocated amount (€) (4)	Weight in assets total value (%) (5)	Percentage of proceeds allocated (%) (6)
1. Renewable and Clean Energy 2. Integrated Pollution Prevention and Control	50,000,000	Biomass Power Plant	50,000,000	60.28%	100%
<b>Total</b>	<b>50,000,000</b>		<b>50,000,000</b>		

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

## Green Bond Impact Report (data from January to December 2022)

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 <sub>2</sub> emissions avoided (tonCO <sub>2</sub> e) (7)	Reduction of biomass waste in the forest (ton) (8)
Biomass Power Plant	50,000,000	100%	100%	34.5	283,945	62,468	407,071
<b>Total</b>	<b>50,000,000</b>				<b>283,945</b>	<b>62,468</b>	<b>407,071</b>

- (1) Identification of projects falling under the eligible categories: 1. Renewable and Clean Energy and 2. Integrated Pollution Prevention and Control  
 (2) Total Green Bond amount  
 (3) Weight of the project in total Green Bond proceeds  
 (4) Eligible value  
 (5) Installed renewable energy capacity  
 (6) Renewable energy generation by project in the reference period, between January and December 2022  
 (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 European Environment Agency:  
[https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-12/#tab-chart\\_3](https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-12/#tab-chart_3)  
 (8) Biomass used by the Biomass Power Plant

# Sociedade Bioelétrica do Mondego, S.A.

**Type of Engagement:** Annual Review

**Date:** March 3, 2023

**Engagement Team:**

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## Introduction

In February 2019, Sociedade Bioelétrica do Mondego, S.A. (“SBM”)<sup>1</sup> issued green bonds (the Green Bonds”) aimed at financing a 34.5 MW biomass power plant, located in the manufacturing area of Figueira da Foz in central Portugal. The Green Bonds financed projects<sup>2</sup> from all categories listed in the Framework, namely – Renewable and Clean Energy, and Integrated Pollution Prevention and Control. In February 2019, Sustainalytics provided a second-party opinion<sup>3</sup> on the Sociedade Bioelétrica do Mondego Green Bond Framework (the “SBM Green Bond Framework” or the “Framework”).<sup>4</sup> In February 2023, SBM engaged Sustainalytics to review the projects funded with proceeds from the Green Bonds and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework.

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the Green Bonds based on whether the projects:

1. Met the use of proceeds and eligibility criteria outlined in the SBM Green Bond Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the SBM Green Bond Framework.

**Table 1: Use of Proceeds Category, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
<b>Renewable and Clean Energy</b>	<p>Funds to finance the construction of a new biomass power plant located in Figueira da Foz</p> <ul style="list-style-type: none"> <li>• Endogenous renewable energy source (biomass), thereby avoiding greenhouse gas emissions;</li> <li>• Energy production from biomass from Altri Group’s own operations and external sources to supply to the national grid.</li> </ul>	<ul style="list-style-type: none"> <li>• Installed renewable energy capacity (MW)</li> <li>• Expected annual renewable energy generation (MWh)</li> <li>• Estimated annual GHG emission avoided or reduced (tCO<sub>2</sub>e)</li> </ul>
<b>Integrated Pollution Prevention and Control</b>	<p>Funds to finance the implementation of the Best Available Techniques released by the EU for the energy production sector<sup>5</sup> to reduce air emission and greenhouse gas from the biomass power plant</p> <ul style="list-style-type: none"> <li>• Reduction of air emissions and greenhouse gas.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of biomass waste in the forest</li> <li>• Estimated annual GHG emission avoided or reduced (tCO<sub>2</sub>e)</li> <li>• Emissions of dust, nitrogen oxides (NO<sub>x</sub>), sulphur dioxide (SO<sub>2</sub>) and</li> </ul>

<sup>1</sup> Sociedade Bioelétrica do Mondego, S.A. is a Portuguese company, wholly-owned by Greenvolt – Energias Renováveis, S.A., a subsidiary of the Altri Group.

<sup>2</sup> The allocation of proceeds was made in full in 2019.

<sup>3</sup> Sustainalytics, “Sociedade Bioelétrica do Mondego Green Bond Framework Second-Party Opinion”, (2019), at:

<https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/sociedade-bioeletrica-do-mondego/sociedade-bioeletrica-do-mondego-green-bond-framework-second-party-opinion/sociedade-bioeletrica-do-mondego-green-bond-second-party-opinion-pdf>

<sup>4</sup> Greenvolt, “Sociedade Bioelétrica do Mondego Green Bond Framework”, (2019), at: <https://greenvolt.yourcode-staging.com/wp-content/uploads/2022/05/SBM-Green-Bond-Framework.pdf>

<sup>5</sup> 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>

	<ul style="list-style-type: none"> <li>• Contribution to decreased GHG emissions.</li> <li>• 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.</li> </ul>	hydrochloric acid and hydrofluoric acid (HCL and HF)
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## Issuer's Responsibility

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

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of use of proceeds from the Green Bonds. The work undertaken as part of this engagement included collection of documentation from SBM and review of said documentation to assess conformance with the SBM Green Bond Framework.

Sustainalytics relied on the information and the facts presented by SBM. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein 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 of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>6</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the SBM Green Bond Framework. SBM has disclosed to Sustainalytics that the proceeds from the Green Bonds were fully allocated as at December, 2019.

## Detailed Findings

**Table 2: Detailed Findings**

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded with proceeds from the Green Bonds to determine if projects aligned with the use of proceeds criteria outlined in the SBM Green Bond Framework.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded with proceeds from the Green Bonds to determine if the impact of projects was reported in line with the KPIs outlined in the SBM Green Bond Framework. For a list of KPIs reported, please refer to Appendix 1.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

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

## Appendix

### Appendix 1: Allocation Reporting by Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria	Number of Projects	Total Allocated Amount (EUR)
Renewable and Clean Energy / Integrated Pollution Prevention and Control	Biomass Power Plant	1	50,000,000
<b>Net proceeds raised from the issuance (EUR)</b>			50,000,000
<b>Percentage of net proceeds allocated</b>			100%

### Appendix 2: Reported Impact by Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria	Green Bond Impact Reported by Eligibility Criteria <sup>7</sup>			
		Project capacity (MW) <sup>8</sup>	Renewable energy generated (MWh) <sup>9</sup>	CO <sub>2</sub> emissions avoided (tCO <sub>2</sub> e) <sup>10</sup>	Reduction of biomass waste in the forest (tonnes) <sup>11</sup>
Renewable and Clean Energy / Integrated Pollution Prevention and Control	Biomass Power Plant	34.5	283,945	62,468	407,071

<sup>7</sup> The data covers the period from January to December 2022.

<sup>8</sup> The project capacity is as per the installed renewable energy capacity.

<sup>9</sup> The renewable energy generated by the project.

<sup>10</sup> The emissions avoided 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 European Environment Agency.

European Environmental Agency, "Greenhouse gas emission intensity of electricity generation", (2022), at: [https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-12/#tab-chart\\_3](https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-12/#tab-chart_3)

<sup>11</sup> Biomass used by the biomass power plant.

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## 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. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics 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. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit [www.sustainalytics.com](http://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 SBM ("SBM Green Bonds Report") of Sociedade Bioelétrica do Mondego, S.A. ("SBM"), included in Annex 7.9 Sustainability Annexes of the 2022 Integrated Report ("Report") of Greenvolt Group, which was prepared by the Board of Directors in accordance with SBM Green Bond Framework ("SBM Framework").

### **Responsibilities**

The Board of Directors of Sociedade Bioelétrica do Mondego, S.A. is responsible for the preparation and content of the SBM Green Bond Report, included in Annex 7.9 Sustainability Annexes of the 2022 Integrated Report of Greenvolt Group in accordance with the SBM 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 the 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 SBM Green Bonds Report is free from material misstatement.

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

- i) interviewing SBM's employees involved in the preparation of the SBM 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) analyzing the procedures used for obtaining the information and data presented on the SBM Green Bonds Report;

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

The procedures performed on a limited assurance engagement vary in nature and are less extensive than a reasonable assurance engagement. Consequently, the level of assurance obtained on a limited assurance engagement is substantially less than in a reasonable assurance engagement. Accordingly, we do not express an opinion of reasonable assurance.

#### **Independence and quality control**

We conducted our work in compliance with the independence and ethical standards as issued by International Ethics Standards Board for Accountants (IESBA) and Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors).

We applied the International Standard on Quality Management 1 (ISQM1), which requires that a comprehensive system of quality must be designed, implemented, and maintained, 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 the Green Bonds Allocation and Impact Report of Sociedade Bioelétrica do Mondego, S.A., included in Annex 7.9 Sustainability Annexes of the 2022 Integrated Report of Greenvolt Group, has not been prepared, in all material respects, in accordance with reporting criteria of SBM Framework.

#### **Restriction of use**

This report is intended 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 Sociedade Bioelétrica do Mondego, S.A.. Our report should not be used for any other purpose and should not be published in other document besides 2022 Annual Integrated Report of Greenvolt Group.

Lisbon, March 21 2023

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