

## R.POWER GREEN BOND FRAMEWORK

### 1. Introduction

R.Power is an independent power producer (IPP) and developer of utility scale renewable energy projects operating in Poland, Germany, Italy, Romania, Portugal and Spain, Italy and Germany. Our goal is to become a leading European renewable energy asset holder and renewables first choice employer. Our mission is to drive growth of renewable energy sector in Europe and enable the wider economy energy transition.

We focus on solar photovoltaics, wind and energy storage technologies and operate across the full value chain, from project development, through engineering design, procurement and construction, to asset management, operations and maintenance. We aim to be a leading player in each of these market segments in selected European markets.

At the end of 2023 we had 700 MWp of utility scale PV plants in operation or construction in Poland and Portugal. Our total development portfolio is one of the largest in Europe and amounts to 21 GW capacity. Only in the last quarter of 2023 we secured grid connection conditions for over 700 MW capacity in Poland. Our medium-term goal is to build 1 GWp operating PV portfolio in Europe by mid-2025.

Our journey is supported by respectable institutional investors. In 2023 we raised €150 million equity from the Three Seas Initiative Investment Fund S.A. SICAV-RAIF – a special purpose vehicle established by Three Seas Initiative Investment Fund (the Fund), a dedicated commercial fund targeting infrastructure investments in Central and Eastern Europe, advised exclusively by Amber Infrastructure Group. The Fund retained an option to increase its investment by further €100 million to €250 million in total. The option was executed in October 2023 and €75 million funding was already committed through a trilateral Framework Agreement with the European Bank for Reconstruction and Development (EBRD).

In addition to equity investments, in 2021 and 2022 we successfully issued green bonds for total value of PLN 450 million as part of the 1 billion PLN Green Bond Programme established with mBank. The bonds were issued and managed in line with R.Power Green Bond Framework. The Framework was prepared in line



with the Green Bond Principles published by International Capital Market Association (ICMA) in 2018, as confirmed by Sustainalytics Second Party Opinion (SPO). The Framework was then updated in January 2024 to reflect our ongoing commitment to evolving market standards. The Framework update was issued a favourable SPO by Sustainalytics in February 2024.

## 2. Sustainability standards

R.Power is committed to creating renewable energy and energy storage infrastructure at competitive prices in sustainable manner thus contributing to European energy transition. In that process we strive to:

- act transparently and ethically to all stakeholders,
- mitigate environmental and social risks associated with our investments,
- optimise resources intensity in assets construction and our operations,
- raise awareness and share knowledge on renewable energy and sustainable development among employees, stakeholders and public at large.

By entering into the Framework Agreement with EBRD we additionally committed to develop and maintain a number of environmental, social and governance policies and continuously improve our performance across ESG aspects in line with EBRD requirements. Those requirements regard environmental impact assessment and protection, supply chain management, human resources, health and safety, and others.

We are familiar with and monitor evolving regulations, guidelines and research related to sustainable development. That includes, among others:

- EU 2020/852 Taxonomy Regulation together with Delegated Regulations, setting out the sustainable investment framework and technical screening criteria,
- EU 2022/2464 Corporate Sustainability Reporting Directive together with Delegated Regulation detailing sustainability reporting standards,
- EU 2023/2413 “Renewable Energy Directive III”, regarding promotion of energy from renewable sources,
- ongoing work on the EU Corporate Sustainability Due Diligence Directive aimed to foster sustainable corporate behaviour.

We support regulatory and market initiatives to facilitate sustainable investment and intend to diligently fulfil forthcoming reporting requirements.

### 3. R.Power Green Bond Framework Overview

The structure and contents of the R.Power Green Bond Framework (the Framework) were prepared in alignment with the Green Bond Principles 2021 issued by International Capital Markets Association (ICMA). The Green Bond Principles are voluntary process recommendations promoting disclosure and transparency in the green bond issuance process. Following these guidelines, the framework sets out our approach across the four core aspects:

1. Use of Proceeds
2. Process of Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Overall responsibility for implementation of the Framework is held by the R.Power Investment Committee.

### 4. Use of proceeds

Proceeds from the R.Power Green Bonds are to be used to finance or refinance, in whole or in part, existing or future projects in renewable energy and energy efficiency category, referred to as eligible Green Projects. This includes:

- standalone or hybrid solar photovoltaic, wind, energy storage or “green hydrogen”<sup>1</sup> projects,
- expenditures on development, acquisition, construction, operation, maintenance, or enhancement of projects or assets,
- investments in increasing productivity of renewable energy or energy storage assets,
- investments in increasing efficiency of construction or operation of renewable energy or energy storage assets.

The environmental sustainability objectives of R.Power eligible Green Projects are to increase renewable energy capacity and energy system efficiency in Europe. Pursuing both in tandem is crucial to enable energy sector and wider economy transition away from fossil fuels and maximum reduction of greenhouse gas emissions, which is the cornerstone of global climate change mitigation efforts.

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<sup>1</sup> When referring to 'green hydrogen' we mean hydrogen produced through electrolysis powered by renewable energy.



The proceeds can be used on eligible projects:

- delivered directly by R.Power S.A., the Green Bonds issuer, or any other entity in the R.Power capital group, or through a joint venture established to deliver eligible Green Projects,
- in all the markets that R.Power is currently present or will be operating in the future, with the current focus on the European Union.

## **5. Process of Project Evaluation and Selection**

All R.Power investments are evaluated and approved by internal Investment Committee in accordance with internal Investment Policy. The Investment Policy requires the company to invest in projects in the core renewable technologies.

The Investment Committee is comprised of R.Power S.A. management board and senior management representing the Company key operation areas, including development and procurement. Their responsibility is to ensure that R.Power investments align with both the Investment Policy and the Green Bond Framework.

Environmental evaluation is inherent to renewable energy investment process, mandated by national regulation. Majority of R.Power projects undergo a comprehensive assessment addressing their expected impact throughout the project life cycle. That includes impacts on fauna and flora, project-related use of materials, fuels, energy and water, waste and pollution generation, and impacts on surface water and groundwater, among other considerations.

That assessment is complemented by a description of mitigation measures that R.Power intends to implement. These measures aim to reduce potential adverse impacts, protect ecosystems and biodiversity, and prevent and control pollution and waste generation whilst facilitating materials and waste recycling.

Importantly, the analysis explicitly addresses major climate-related risks to the project. Our projects are exposed mainly to acute hazards such as heat or cold waves, wildfires, heavy precipitation, storms, or flooding. Certain risks are considered during the site selection stage. Other adaptation measures are implemented throughout the design, procurement and construction stages. This includes, for instance, careful selection of construction materials and techniques that are resistant to extreme temperature changes, reducing the

risks of fire ignition and spreading, as well as minimizing the likelihood of installations being damaged by strong winds.

In addition to that, the environmental analysis identifies risks for social tensions and conflicts that could arise in relation to the project. It enables the Company to engage with communities to foster positive relationships, address concerns, and collaborate on mutually beneficial solutions.

## **6. Management of Proceeds**

The Green Bond proceeds and Green Projects expenditures are tracked and accounted for through the Company internal financial management system and general cash flow accounting and controlling processes.

Unallocated proceeds shall be held in a form of temporary cash-like instruments, that include cash, liquid term deposits with commercial banks, debt mutual funds units or government securities.

## **7. Reporting**

Green Bond Allocation and Impact Report is published annually on our website and provides information on the proceeds allocation on an aggregated, portfolio basis. In addition, it includes information on remaining balance of unallocated proceeds.

Additionally, we report core impact metrics recommended by the ICMA Harmonised Framework for Impact Reporting for renewable energy and energy efficiency category:

- Capacity of renewable energy plants constructed (in MW),
- Annual greenhouse gas emissions avoided (in tones of CO<sub>2</sub> equivalent),
- Annual renewable energy generation (in MWh/GWh).

The Green Bond Allocation and Impact Report shall be published as long as R.Power has Green Bonds outstanding.

## **8. External Review**

Second Party Opinion on this Framework, prepared by eligible external independent party, is to be published on the Company website. The Second Party Opinion is to be updated with major changes to the Framework.

We may request an eligible external party to prepare an annual assessment on allocation of the Green Bond proceeds.