

# Second-Party Opinion

## Opdenergy Green Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Opdenergy Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



**PROJECT EVALUATION AND SELECTION** Opdenergy's Development Team leads the internal process for evaluating and selecting projects. The Executive Committee oversees all project pipeline and selection decisions ahead of final approval by the board of directors. Opdenergy will carry out environmental and social impact assessments in collaboration with local stakeholders prior to projects taking place. Sustainalytics considers the project selection process to be aligned with market practice.



**MANAGEMENT OF PROCEEDS** Opdenergy's CFO will supervise the allocation of proceeds with the support of the Corporate Finance and Treasury teams. Opdenergy will track and monitor the proceeds using separate accounts or equivalent control systems. Opdenergy intends to allocate proceeds within three years of issuance. Unallocated proceeds will be temporarily held in cash or cash equivalents or invested in Opdenergy's treasury liquidity portfolio. Sustainalytics considers this to be aligned with market practice.



**REPORTING** Opdenergy commits to report on the allocation of proceeds on an annual basis until full allocation on its website or through other corporate presentations. Allocation reporting may include the total amount allocated to eligible projects and the balance of unallocated proceeds. In addition, Opdenergy intends to report on relevant impact metrics. Sustainalytics views Opdenergy's allocation and impact reporting commitment as aligned with market practice.

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**Evaluation date** November 21, 2023

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**Issuer Location** Madrid, Spain

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### Report Sections

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## Introduction

Opdenergy Holding S.A. (“Opdenergy” or the “Company”) is an independent renewable energy producer focused on the financing, development, construction and operation of solar photovoltaic and onshore wind energy projects. Founded in 2005, Opdenergy is headquartered in Madrid, Spain, and currently operates in nine countries: five in Europe, three in Latin America and the United States. As of November 2023, the Company has a total of 1.9 GW of gross renewable energy capacity in operation or under construction, as well as a pipeline of projects estimated at an additional generation capacity of 13.6 GW.<sup>1</sup>

Opdenergy has developed the Opdenergy Green Finance Framework (the “Framework”), under which Opdenergy and its subsidiaries (the “Group”) intend to issue green financing instruments<sup>2</sup> that may include bonds, promissory notes, loans<sup>3</sup> and commercial papers to finance in whole or in part, existing or future solar and wind energy projects. These expenditures are expected to support an increase in the share of renewable energy in the regions in which Opdenergy operates. The Framework defines eligibility criteria in one area:

### 1. Renewable Energy

Opdenergy engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>4</sup> and the Green Loan Principles 2023 (GLP).<sup>5</sup> The Framework will be published in a separate document.<sup>6</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>7</sup> opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;

- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Opdenergy’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Opdenergy representatives have confirmed that: (1) they understand it is the sole responsibility of Opdenergy to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Opdenergy.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market

<sup>1</sup> Opdenergy, “Results Presentation H1 2023”, (2023), at: <https://opdenergy.com/wp-content/uploads/2023/10/OPDE-P-1S23-vdef.pdf>

<sup>2</sup> Sustainalytics has reviewed only the financial instruments that are specified in the Framework.

<sup>3</sup> Opdenergy confirmed to Sustainalytics that loans will not include multi-tranching and revolving credit facilities.

<sup>4</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/greensocial-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>5</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

<sup>6</sup> The Framework will be available at: <https://opdenergy.com/en/commitment-and-sustainability/>

<sup>7</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Opdenenergy has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Opdenenergy Green Finance Framework

Sustainalytics is of the opinion that the Opdenenergy Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible category, Renewable Energy, is aligned with those recognized by the GBP and GLP.
  - Opdenenergy intends to finance or refinance existing or new solar PV and onshore wind energy generation projects, and standalone and hybrid energy storage systems in Europe, Latin America and the United States.
  - Sustainalytics notes that the Framework includes refinancing of operating expenditures related only to the eligible projects with a look-back period of 36 months, which is in line with market practice.
  - Opdenenergy has communicated to Sustainalytics that the eligible expenditures may also include the cost of acquisitions of pure play companies that derive at least 90% of their revenue from activities that comply with the Framework criteria. Sustainalytics considers it to be good practice to allocate proceeds for the acquisition of pure plays linked to the fair value of eligible green assets booked under the balance sheet of the target company.
  - Sustainalytics considers that the financing of renewable energy generation projects can provide positive environmental impacts by increasing the share of renewables and is aligned with market practice.
- Project Evaluation and Selection:
  - Opdenenergy's Development Team leads the internal process for evaluating and selecting projects. The Company's Executive Committee oversees project pipeline and selection decisions ahead of final approval by its board of directors. The Executive Committee comprises the Company's CEO, COO, CFO, CBDO and Country Managers, the Human Resources Director, the Legal Director and the Director of Investor Relations.
  - The Company's Development Team, in collaboration with local stakeholders and the Project Management Team, will conduct environmental and social impact assessments and technical studies prior to projects taking place. For additional details, see Section 2.
  - Based on a cross-functional oversight of project selection and the presence of environmental and social risk management processes, Sustainalytics considers this process to be aligned with market practice.
- Management of Proceeds:
  - Opdenenergy's CFO will oversee the management of proceeds and track allocation through dedicated accounts or equivalent control systems, with the support of the Corporate Finance and Treasury teams.
  - Opdenenergy intends to fully allocate proceeds within three years of issuance. Unallocated proceeds will be temporarily held in cash, cash equivalents or invested in Opdenenergy's treasury liquidity portfolio.

- Based on the clear management systems and disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Opdenenergy commits to report on the allocation and impact of proceeds on an annual basis until full allocation. The Company will make the reporting available on its website or in its corporate presentations, financial statements, sustainability reports or specific reports, in accordance with applicable market and reporting regulations.
  - Allocation reporting may include the total amount allocated to eligible projects and the balance of unallocated proceeds.
  - In addition, the Company intends to report on relevant impact metrics, such as installed renewable energy capacity (measured in MW), renewable energy production (measured in MWh) and annual GHG emissions avoided (measured in tCO<sub>2</sub>e).
  - Based on Opdenenergy's commitment to allocation and impact reporting, Sustainalytics considers this process in line with market practice.

### Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Opdenenergy Green Finance Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of Opdenenergy

### Contribution to Opdenenergy's sustainability strategy

Opdenenergy is an independent power producer focused on solar PV and wind energy, which considers renewable energy sources across all of its developed assets. Opdenenergy is committed to integrating ESG into its overall strategy and business model and periodically reports information on its ESG performance through sustainability reports. Opdenenergy developed a Sustainability Master Plan in 2021, which outlines the Company's road map to achieve sustainability objectives and targets for the 2022-25 period,<sup>8</sup> which was updated in 2022 based on the Company's materiality assessment.<sup>9</sup> The material environmental objectives in Opdenenergy's master plan include: i) contributing to the decarbonization of the economy; ii) maximizing renewable energy generation, availability and efficiency; iii) monitoring and managing activities' environmental impacts; and iv) improving environmental performance in procurement and life cycle management.<sup>10</sup>

Opdenenergy has set targets to achieve its renewable energy objectives, namely: i) reach 3 GW of renewable energy projects in operation and under construction by 2025; and ii) produce 5,000 GWh per year of renewable energy in operation in 2025.<sup>11</sup> As of November 2023, Opdenenergy has a capacity in operation and construction of almost 1.9 GW, plus a pipeline of nearly 13.6 GW in different stages of maturity.<sup>12</sup>

As part of its efforts to improve its environmental performance, the Company has been tracking its carbon footprint since 2019, and aims to achieve carbon neutrality for scope 1 and 2 emissions, with the issuance of an offsetting plan by 2024.<sup>13</sup> The Company has reportedly avoided more than 200,000 tCO<sub>2</sub>e through direct renewable energy generation in 2022 and expects to avoid approximately 23.1 million tCO<sub>2</sub>e from all the projects commissioned and connected to date over their lifetime.<sup>14</sup> In addition, to improve its carbon footprint management, Opdenenergy established a Carbon Footprint Reduction Plan in 2023,<sup>15</sup> through which it set targets to reduce its scope 1 and 2 emissions. The Company aims to reduce scope 1 and 2 GHG emissions by 42% by 2030 compared to the 2022 baseline levels. Opdenenergy's scope 1 and 2 target is publicly available, and the Science-Based Initiative (SBTi) has validated the target as aligned with the 1.5°C scenario.<sup>16</sup>

Given the above, Sustainalytics is of the opinion that the Framework is aligned with Opdenenergy's sustainability strategy and will contribute to the Company's key sustainability objectives.

<sup>8</sup> Opdenenergy, "Sustainability Report", (2022), at: [https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability\\_Report\\_2022\\_Opdenenergy\\_EN-1.pdf](https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability_Report_2022_Opdenenergy_EN-1.pdf)

<sup>9</sup> Shared with Sustainalytics confidentially.

<sup>10</sup> Opdenenergy, "Sustainability Report", (2022), at: [https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability\\_Report\\_2022\\_Opdenenergy\\_EN-1.pdf](https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability_Report_2022_Opdenenergy_EN-1.pdf)

<sup>11</sup> Ibid.

<sup>12</sup> Opdenenergy, "Results Presentation H1 2023", (2023), at: <https://opdenenergy.com/wp-content/uploads/2023/10/OPDE-P-1S23-vdef.pdf>

<sup>13</sup> Opdenenergy, "Sustainability Report", (2022), at: [https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability\\_Report\\_2022\\_Opdenenergy\\_EN-1.pdf](https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability_Report_2022_Opdenenergy_EN-1.pdf)

<sup>14</sup> Ibid.

<sup>15</sup> Shared with Sustainalytics confidentially.

<sup>16</sup> SBTi, "Companies Taking Action", at: <https://sciencebasedtargets.org/companies-taking-action>.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to land use and biodiversity risks associated with large-scale infrastructure projects, waste management, health and safety during project construction, community engagement and supply chain risks.

Sustainalytics is of the opinion that Opdenenergy is able to manage or mitigate potential risks through implementation of the following:

- To manage land use and biodiversity risks, Opdenenergy conducts environmental impact assessments (EIA) in the first phase of projects. As part of an EIA, the Company identifies environmental factors associated with the projects, including applicable permits, standards or regulations and monitoring of bird life, archaeology and land use.<sup>17</sup> To manage ecological impacts, the Company takes and implements preventive and corrective measures as identified in the EIAs, including rehabilitating degraded areas, installing vegetation screens, implementing habitat improvement plans, protecting soil and habitats, reforestation, soil compensating, and protecting and monitoring endangered species.<sup>18</sup>
- Opdenenergy has established an environmental management system to prevent and mitigate waste and pollution. As part of its environmental management system, Opdenenergy collects data from contractors to identify the activities and products that may generate waste with significant effects and monitors the amount of hazardous and non-hazardous waste generated at its project locations.<sup>19</sup> Opdenenergy's environmental management system has been certified to ISO 14001:2015,<sup>20</sup> which validates that the Company manages its environmental responsibilities in a systematic manner.<sup>21</sup>
- Opdenenergy has in place an occupational health and safety management policy and system to provide employees with safe and healthy working conditions.<sup>22</sup> The management system is based on and certified according to the requirements of ISO 45001:2018.<sup>23,24</sup> In addition, the Company has internal processes to reduce safety hazards and work-related injuries, such as periodic health and safety risks assessments, annual inspections of energy assets and employee training.<sup>25</sup>
- Regarding community engagement, Opdenenergy conducts social impact assessments in accordance with the requirements applicable in each geographical area, which usually includes public participation, public consultation and the development of monitoring programmes. Before commencing the construction of its projects, the Company meets with local authorities and stakeholders to present details on social impacts and publishes project information on web pages, in letters and in information leaflets. Additionally, the Company sets up contact channels to resolve claims and complaints during the project execution stage.<sup>26</sup>
- Opdenenergy has established a monitoring and control mechanism to ensure supplier compliance with applicable regulations. This includes evaluating its suppliers based on environmental and social criteria, audits, inspections and follow-up visits. Furthermore, the Company promotes the implementation of raw material traceability protocols to identify the source of material inputs in its products and track the movement of these inputs throughout its entire supply chain.<sup>27</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Opdenenergy has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

<sup>17</sup> Opdenenergy, "Sustainability Report", (2022), at: [https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability\\_Report\\_2022\\_Opdenenergy\\_EN-1.pdf](https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability_Report_2022_Opdenenergy_EN-1.pdf)

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> ISO, "ISO 14001:2015 – Environmental management systems", at: <https://www.iso.org/standard/60857.html>

<sup>21</sup> Opdenenergy, "Quality, Environment and Health and Safety Certifications", at: <https://Opdenenergy.com/wp-content/uploads/2022/02/Quality-Environment-and-Health-and-Safety-Certifications.pdf>

<sup>22</sup> Opdenenergy, "Our Commitment", (2023), at: [https://opdenenergy.com/wp-content/uploads/2023/09/Codes-and-policies-book\\_merged.pdf](https://opdenenergy.com/wp-content/uploads/2023/09/Codes-and-policies-book_merged.pdf)

<sup>23</sup> ISO, "ISO 45001:2018", at: <https://www.iso.org/standard/63787.html>

<sup>24</sup> Opdenenergy, "Quality, Environment and Health and Safety Certifications", at: <https://Opdenenergy.com/wp-content/uploads/2022/02/Quality-Environment-and-Health-and-Safety-Certifications.pdf>

<sup>25</sup> Opdenenergy, "Our Commitment", (2023), at: [https://opdenenergy.com/wp-content/uploads/2023/09/Codes-and-policies-book\\_merged.pdf](https://opdenenergy.com/wp-content/uploads/2023/09/Codes-and-policies-book_merged.pdf)

<sup>26</sup> Opdenenergy, "Sustainability Report", (2022), at: [https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability\\_Report\\_2022\\_Opdenenergy\\_EN-1.pdf](https://opdenenergy.com/wp-content/uploads/2023/04/Sustainability_Report_2022_Opdenenergy_EN-1.pdf)

<sup>27</sup> Ibid.

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP. Sustainalytics has focused on where the impact is specifically relevant in the local context.

#### Importance of financing renewable energy projects in the EU and Americas

The energy sector was responsible for more than two-thirds of total GHG emissions globally by 2021.<sup>28</sup> It is estimated that global electricity demand will nearly double between 2020 and 2050, with the largest absolute rise in electricity use.<sup>29</sup> To achieve net zero by 2050, the share of renewables in total electricity generation globally should increase from 29% in 2020 to more than 60% in 2030 and to nearly 90% in 2050.<sup>30</sup> In addition, the global annual investment in the energy sector should expand to USD 5 trillion by 2030 from USD 2 trillion in 2021 to achieve net zero emissions by 2050.<sup>31</sup>

The EU energy sector accounts for 75% of the bloc's total GHG emissions and 6.2% of the global power sector emissions.<sup>32,33</sup> As part of its goal to achieve climate neutrality by 2050, the European Commission committed to reducing GHG emissions by 55% by 2030 relative to 1990 levels.<sup>34</sup> In May 2022, the European Commission released its REPowerEU Plan,<sup>35</sup> which proposes to increase the share of renewable energy in the EU's final energy consumption from 40% to 45% by 2030 and aims to install new solar PV systems with a total capacity of more than 320 GW by 2025 and almost 600 GW by 2030.<sup>36</sup> The plan also includes targets for the EU to have an installed capacity of more than 60 GW of offshore wind by 2030 and 300 GW by 2050,<sup>37</sup> which would lead to a 58-60% emissions reduction below 1990 levels.<sup>38</sup>

The Americas accounted for approximately 20% of total CO<sub>2</sub> emissions from energy globally in 2022.<sup>39</sup> Solar PV capacity is expected to increase fivefold between 2020 and 2030, while onshore wind is predicted to nearly double in North America.<sup>40</sup> Specific to Latin America, the Renewable Energy for Latin America and the Caribbean Initiative was launched in December 2019 to accelerate the carbon neutrality of the region's electricity system and achieve at least a 70% share of renewable energy in the region's electricity matrix by 2030.<sup>41</sup>

Based on the above, Sustainalytics is of the opinion that Opdenergy's investments in solar PV and wind power are expected to contribute to lowering energy-related GHG emissions and supporting low-carbon economy transitions in the countries where Opdenergy operates.

#### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Opdenergy Green Finance Framework are expected to help advance the following SDG and target:

| Use of Proceeds Category | SDG                            | SDG target   |
|--------------------------|--------------------------------|--|
| Renewable Energy         | 7. Affordable and Clean Energy | 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix |

<sup>28</sup> IEA, "Greenhouse Gas Emissions from Energy Data Explorer", (2023), at: <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>

<sup>29</sup> IEA, "Net Zero by 2050: A Roadmap for the Global Energy Sector", (2021), at: [https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector\\_CORR.pdf](https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf)

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> European Council and Council of the European Union, "5 facts about the EU's goal of climate neutrality", (2023), at: <https://www.consilium.europa.eu/en/5-facts-eu-climate-neutrality/#:~:text=Energy%20production%20and%20use%20is,of%20EU%20greenhouse%20gas%20emissions.>

<sup>33</sup> Ember, "European Union", (2023), at: <https://ember-climate.org/countries-and-regions/regions/european-union/>

<sup>34</sup> European Commission, "2030 climate & energy framework", at: [https://ec.europa.eu/clima/policies/strategies/2030\\_en](https://ec.europa.eu/clima/policies/strategies/2030_en)

<sup>35</sup> European Commission, "REPowerEU: Affordable, secure and sustainable energy for Europe", at: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe_en)

<sup>36</sup> Ibid.

<sup>37</sup> European Commission, "Offshore renewable energy", at: [https://energy.ec.europa.eu/topics/renewable-energy/offshore-renewable-energy\\_en](https://energy.ec.europa.eu/topics/renewable-energy/offshore-renewable-energy_en)

<sup>38</sup> Climate Action Tracker, "EU", (2022), at: <https://climateactiontracker.org/countries/eu/>

<sup>39</sup> Statista, "Carbon dioxide emissions from energy worldwide from 1965 to 2022, by region", (2023), at: <https://www.statista.com/statistics/205966/world-carbon-dioxide-emissions-by-region/>

<sup>40</sup> Offshore Technology, "North America's energy transition to accelerate over the next decade", (2022), at: <https://www.offshore-technology.com/comment/north-america-energy-transition/>

<sup>41</sup> IRENA, "Renewable Energy in Latin America and the Caribbean Towards a Regional Energy Transition", (2022), at: <https://www.irena.org/events/2022/Jun/Renewable-Energy-in-Latin-America-and-the-Caribbean-Towards-a-Regional-Energy-Transition>



## Conclusion

Opdenergy has developed the Opdenergy Green Finance Framework, under which it may issue financing instruments that may include bonds, promissory notes, loans and commercial papers, and use the proceeds to finance renewable energy projects. Sustainalytics considers that the eligible projects will promote the deployment of renewable energy and contribute in the transition to a low-carbon economy.

The Opdenergy Green Finance Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Opdenergy Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Opdenergy has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Opdenergy is well positioned to issue green financing instruments and that the Opdenergy Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

|   |  |
|---|--|
| Issuer name:  | Opdenenergy  |
| Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: | Opdenenergy Green Finance Framework  |
| Review provider's name:   | Sustainalytics   |
| Completion date of this form:                                       | November 21, 2023  |
| Publication date of review publication:                             | Update to Opdenenergy Green Finance Framework Second-Party Opinion published in December 2021. |
| Original publication date [please fill this out for updates]:       | December 09, 2021  |

#### Section 2. Review overview

##### SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
  - Use of Proceeds
  - Process for Project Evaluation and Selection
  - Management of Proceeds
  - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

##### ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

Does the review include a sustainability quality score?



- Of the issuer
- Of the Framework
- No scoring
- Of the project
- Other (please specify):

#### ASSESSMENT OF THE PROJECT(S)

##### Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

#### ISSUER'S OVERARCHING OBJECTIVES

##### Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

#### CLIMATE TRANSITION STRATEGY

##### Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

##### Overall comment on this section:

The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

### Section 3. Detailed review

#### 1. USE OF PROCEEDS

##### Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

**Does the review assess if the issuer provides clear information on:**

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

**Overall comment on this section:**

The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

**Does the review assess:**

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones. *Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards*
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

**Overall comment on this section:**

Opdenenergy's Development Team leads the internal process for evaluating and selecting projects. The Executive Committee oversees all project pipeline and selection decisions ahead of final approval by the board of directors. Opdenenergy will carry out environmental and social impact assessments in collaboration with local stakeholders prior to projects taking place. Sustainalytics considers the project selection process to be aligned with market practice.

## 3. MANAGEMENT OF PROCEEDS

**Does the review assess:**

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

**Overall comment on this section:**

Opdenenergy's CFO will supervise the allocation of proceeds with the support of the Corporate Finance and Treasury teams. Opdenenergy will track and monitor the proceeds using separate accounts or equivalent control systems. Opdenenergy intends to allocate proceeds within three years of issuance. Unallocated proceeds will be temporarily held in cash or cash equivalents or invested in Opdenenergy's treasury liquidity portfolio. Sustainalytics considers this to be aligned with market practice.

## 4. REPORTING

**Does the review assess:**

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?

- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

**Overall comment on this section:**

Opdenenergy commits to report on the allocation of proceeds on an annual basis until full allocation on its website or through other corporate presentations. Allocation reporting may include the total amount allocated to eligible projects and the balance of unallocated proceeds. In addition, Opdenenergy intends to report on relevant impact metrics. Sustainalytics views Opdenenergy's allocation and impact reporting commitment as aligned with market practice.

## Section 4. Additional Information

**Useful links** (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

**Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:**

**Additional assessment in relation to the issuer/bond framework/eligible project(s):**

### ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

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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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