



Green Financing Framework

2024



Table of Contents

1. Introduction	2
1.1. Overview of ENERGO-PRO Group	2
1.2. Sustainability Strategy and Policies	2
1.3. Commitment to Sustainability Reporting and Disclosure	3
1.4. Carbon Footprint and Decarbonisation Targets	4
1.5. Corporate Governance Structure	5
1.6. Key Environmental and Social Risks and Mitigation Strategies	6
1.7. Membership in Sustainability Alliances and Commitment to the UN SDGs	8
2. Green Financing Framework	10
2.1. Rationale for Establishing a Green Financing Framework	10
2.2. Alignment with Market Principles	10
2.3. Alignment with the EU Taxonomy Regulation and the European Green Bond Standard	10
2.4. Use of Proceeds	10
a) Exclusions	13
2.5. Process for Project Evaluation and Selection	13
2.6. Management of Proceeds	14
2.7. Reporting	15
a) Allocation Reporting	15
b) Impact Reporting	15
2.8. External Reviews	16
a) Second Party Opinion (“SPO”) (pre-issuance)	16
b) Post-Issuance External Verification on Reporting	16
3. Amendments to this Framework	17
4. Disclaimer	18



ENERGO-PRO

Introduction

1. Introduction

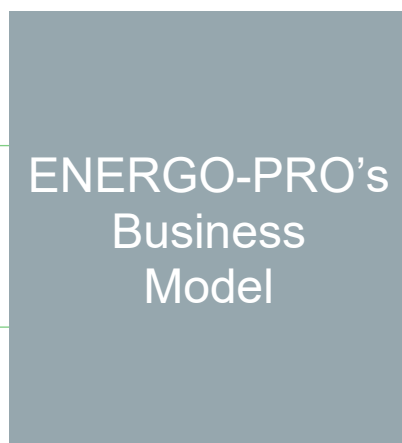
1.1. Overview of ENERGO-PRO Group

ENERGO-PRO (together with its consolidated subsidiaries, the “ENERGO-PRO Group” or “Group”) is a Czech-based multinational energy holding company with a focus on power generation from hydro power plants (“HPPs”) and electricity distribution in Central and Eastern Europe. We own, operate, and manage HPPs. Originally a Czech company, however we have now expanded to Bulgaria, Georgia, Türkiye, Colombia, Brazil and Spain.



Power Generation

- Proven operational experience and extensive knowledge
- Successful large-scale rehabilitation projects
- Experience in operating hydropower plants of above 100 MW



Distribution and Supply

- Maintenance of distant assets
- Serving a large number of customers (more than 2 million grid customers connected to our network)
- Active network planning and distribution

The Group focuses on generating stable and predictable cash flows from electricity distribution and hydropower generation assets, as well as on selective expansion through development and acquisitions. We follow a strategy of international expansion by building up our asset base and developing it over the long-term. We aim to sustain long-term growth while taking into consideration the needs of the communities and environment surrounding our business activities.

We aim to further increase our commitments to sustainable development, the protection of the environment, and the well-being of the communities living in our areas of influence.

1.2. Sustainability Strategy and Policies

In 2021, ENERGO-PRO officially began its sustainability journey and to report annually on the Group's sustainability performance. We adopted new group policies including a Sustainability Policy¹ and ESG Policy² with clear objectives and commitments. In 2024, we developed a new policy on Land Acquisition and Involuntary Resettlement as well as a corporate Environmental, Social, Health and Safety Management System (ESHS-MS) aimed at ensuring a consistent approach towards Environmental, Social, Health and Safety Management across our business, reducing risks and continuously improving our performance. These policies are updated on a regular basis to reflect the current environmental, social and governance (“ESG”) and sustainability emerging issues and expectations from our stakeholders. Within these policies, we highlight our sustainability strategy, which includes three interconnected pillars and key priorities.

¹ [http://www.energo-pro.com/files/policies/Sustainability Policy/Sustainability Policy_EN_finalversion.pdf](http://www.energo-pro.com/files/policies/Sustainability%20Policy/Sustainability%20Policy_EN_finalversion.pdf)

² [http://www.energo-pro.com/files/policies/ESG Policy/05252021_ESG Policy_Final_EN.pdf](http://www.energo-pro.com/files/policies/ESG%20Policy/05252021_ESG%20Policy_Final_EN.pdf)

I Pillar Climate Change

Reducing our GHG emissions to achieve net zero emissions by 2050 by focusing on reducing our grid losses, removing unsustainable energy generation from our portfolio, increasing investments in clean energy, engaging with partners to increase clean energy of the grid networks, and investing in innovative solutions.

II Pillar Environment and Biodiversity

Reducing nature loss by protecting, maintaining, and enhancing biodiversity, protecting, and reducing dependency on natural resources, rehabilitating our sites, compensating for biodiversity and ecosystems losses, and minimising impacts on nature during the planning phase of our projects.

III Pillar Social

Increasing our human and social capital by making health and safety a priority and investing in our employees and communities.

The Group aims to provide a safe, reliable, and stable supply of electricity, increase renewable power generation, and further improve the reliability of our HPPs. This is achieved through professional and cost-effective investments in HPPs rehabilitation and modernisation. We also understand the importance of sustainable energy management in mitigating and minimising the environmental impacts of our operations. The Group continuously works on improving energy efficiency, reducing greenhouse gas (“GHG”) emissions, and increasing our use of renewable energy sources. We also proactively work towards removing emission producing energy generation from our portfolio, increasing investments in clean energy and investing in innovative solutions.

1.3. Commitment to Sustainability Reporting and Disclosure

ENERGO-PRO made a commitment to support the Task Force on Climate-Related Financial Disclosures³ (“TCFD”), and its recommendations. Reporting according to the TCFD recommendations began in 2023. Furthermore, ENERGO-PRO became an early adopter of the Task Force on Nature-Related Financial Disclosures⁴ (“TNFD”) and has the intention to start making public disclosures aligned with the TNFD recommendations in our reporting in 2025.

ENERGO-PRO has conducted a Double Materiality Assessment (“DMA”) as part of a preparation for present and future reporting obligation in an extent defined in Act No. 563/1991 Coll. - Act on Accounting. DMA is a prerequisite for non-financial reporting following the Corporate Sustainability Reporting Directive⁵ (“CSRD”) and European Sustainability Reporting Standard⁶ (“ESRS”) disclosure requirements. ENERGO-PRO plans to further refine and update our DMA process in subsequent years to fully comply with ESRS requirements by 2026.

In relation to the EU Taxonomy, ENERGO-PRO does not currently have a regulatory obligation to disclose information on the alignment of its activities with the Technical Screening Criteria. However, ENERGO-PRO is taking preparatory steps well ahead in light of upcoming regulatory obligations. This reflects our firm commitment to promoting sustainable investments and supporting the broader environmental goals outlined by the European Union. In 2023, we have initiated the process of identification of our taxonomy-eligible activities by screening the economic activities listed in the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214), the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486), and the amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485).

³ <https://www.fsb-tcfd.org/>

⁴ <https://tnfd.global/>

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>

⁶ <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32023R2772>

ENERGO-PRO is dedicated to continuing the process of identifying sustainable economic activities within its operation in the coming period and assessing compliance with the complex alignment criteria in accordance with EU Taxonomy requirements. Our ultimate goal is to prepare ENERGO-PRO for the reporting requirements and to set up robust processes, including the reporting of mandatory KPIs (revenue, CAPEX, OPEX) defined in delegated Act supplementing Article 8 of the EU Taxonomy Regulation,⁷ in addition to the Global Reporting Initiative (GRI) and the UN Global Compact's Sustainable Development Goals KPIs.

1.4. Carbon Footprint and Decarbonisation Targets

We recognise that climate change is one of the most pressing global challenges of our time, and we are committed to reducing our carbon footprint and promoting sustainable energy practices. The Group is dedicated to protecting the environment and reducing our impact on biodiversity and natural resources. We ensure that our operations comply with all ENERGO-PRO's policies and standards as well as all relevant environmental regulations and standards by monitoring and minimising our greenhouse gas emissions and water use, minimizing waste generation and promoting energy efficiency. In 2023, we revised our GHG emissions calculations to include the new Spanish assets, including restating the 2019 baseline year emissions to proforma numbers.

The table below shows the GHG inventory for Scopes 1,2 and 3 for our business activities from 2019 (baseline year for targets) to 2023. The table shows that Scope 3 emissions represent between 87-89% of the total footprint.

Summary of Yearly GHG Emissions from 2019 (Baseline) to 2023

Unit	2019 (baseline) ⁸		2020		2021		2022		2023	
	tCO ₂ e/ year	% of Total	tCO ₂ e/ year	% of Total	tCO ₂ e/ year	% of Total	tCO ₂ e/ year	% of Total	tCO ₂ e/ year	% of Total
Scope 1	367,546	6%	270,231	5%	309,212	6%	263,119	6%	210,374	5%
Scope 2	437,005	7%	326,590	6%	347,431	6%	329,085	7%	274,420	6%
Scope 3	5,587,730	87%	4,774,897	89%	4,794,188	88%	3,890,846	87%	3,924,600	89%
Total	6,392,281	100%	5,371,718	100%	5,450,830	100%	4,483,049	100%	4,409,394	100%

The primary emissions hotspot within the ENERGO-PRO Group is traded electricity, which accounts for more than 85% of total GHG emissions. The primary driver of changes to our total footprint from 2019-2023 is the carbon intensity of traded electricity in Bulgaria, as well as traded electricity volumes. Emissions from distribution losses (Scope 2), gas power plant in Georgia (Scope 1), process emissions from ferroalloy plants in Spain (Scope 1) and biogenic emissions from reservoirs (Scope 1) are consistently our other primary emissions hotspots. Our total emissions have fallen by 31.0% to 4,409,394 tCO₂e in 2023 compared to our 2019 baseline. Emissions have fallen every year apart from between 2020 and 2021, when emissions rose by 1.5%. In terms of more specific decarbonisation targets:

- Since our overall emissions intensity is very low due to the high share of hydropower in our electricity generation mix, it is increasingly difficult for us to further reduce our emissions. As a result, our Scope 1 target is to align our assets with the EU Taxonomy threshold which requires sustainable electricity generation to produce 100 gCO₂e per kWh generated or less.
- For Scope 2, we have set a target for electricity distribution to reduce absolute emissions by 46% from the 2019 base year. The emissions from distribution losses are largely dependent on the energy mix of the local grid, which is beyond ENERGO-PRO's control. We still aim to reduce emissions from distribution losses by increasing the efficiency of our distribution system and decreasing the actual volume of such losses.

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

⁸ Baseline numbers restated to account for GHG emissions from new Spanish assets.

- ENERGO-PRO has not yet set a target for Scope 3 due to the limited ability to influence the local electricity generation mix, which determines our largest source of emissions from traded electricity. However, we are engaging with local stakeholders, such as customers, trade associations and government to increase awareness and provide support or renewable energy sources.

We understand we have challenges establishing targets aligned with the Science Based Targets Initiative⁹ (“SBTi”) since we are already low emitters in our generation business and there are limited levers to further reduce our emissions, in particular from traded electricity, since we have limited control over the emissions intensity of grid electricity that is distributed and supplied.

In 2024, we revised the targets for the Group’s power generation assets and Spanish ferroalloy plants with additional milestones for medium- and long-term to help us achieve Net Zero by 2050. We revisited our targets using the EU Taxonomy as a platform by applying intensity metrics derived from the EU Taxonomy technical screening criteria for climate mitigation. For the ferroalloy plants we used the SBTi as a framework to establish the targets.

1.5. Corporate Governance Structure

The governance of ENERGO-PRO is based on a two-tier management structure consisting of the Highest Governance Body (“HGB”) and Senior Management. Together they ensure that the organisation is complying with relevant regulations and standards. As well as developing, approving, and updating sustainable development policies and strategies that address the environmental and social impacts of energy production and distribution. They also look at actions to reduce GHG, promote energy efficiency, the use of renewable energy sources and activities that might have a negative impact on the communities and environment in which the Group operates. The HGB also oversees due diligence and other processes related to identifying and managing the organisation’s impacts.

The HGB has an ESG governance structure that consists of the ESG Committee, the Climate Change Task Force and the Anti-bribery Committee to oversee the management of the Group’s impacts on the economy, environment, and people.

⁹ <https://sciencebasedtargets.org/>

ESG Committee

- ESG Committee is responsible for managing ESG topics, reviewing and updating the Group's ESG and Sustainability Policy, driving forward the integration of ESG in the business, reporting on KPIs annually, ensuring correct rollout of new policies and that all employees understand their content, and that all sites appoint senior ESG focal points
- ESG Committee's agenda also includes providing oversight to all issues concerning ESG and overseeing ESG activities, encouraging continuous improvement, identifying opportunities, risks, and providing solutions to manage challenges while working closely with the ESG rating providers and overseeing the preparation of the annual Sustainability Report
- The ESG Committee established ESG focal points at each of the Business Units. Senior staff is responsible for ensuring that policies, standards and plans are implemented, including annual ESG plans
- Members of the ESG committee include the Chief Executive Officer, Chief Financial Officer, the Group General Counsel, the Executive Strategic Director, and the ES Group Head
- Frequency: The ESG Committee meets four times a year

Climate Change Task Force

- Climate Change Task Force is responsible for driving the Decarbonization Plan and implementing solutions to reduce the Group's emissions
- It is also responsible for providing recommendations on approaches and interventions to reduce emissions
- Its other responsibilities are conducting assessments of climate change risks for the Group (climate change adaptation), reviewing the Decarbonization Plan, participating in the discussions with Climate Change consultants, evaluating the potential effect of different interventions to lower emissions, providing solutions to comply with the Climate-Related Financial Disclosures (TCFD) and developing budgets
- Members of the Task Force include one senior member of each Business Unit
- Frequency: meets as needed and at least four times a year

Anti-bribery Committee

- Anti-bribery Committee is responsible for the introduction and overall implementation of the ABC / AML Policy, including the supervision of training activities and the review of reports of internal investigations into alleged irregularities
- The Anti-bribery Committee has three members: one member of the Board of Directors, Head of the Human Resources Department, and the Group General Counsel
- Frequency: meets as needed, at least once per year

1.6. Key Environmental and Social Risks and Mitigation Strategies

The Group acknowledges that construction and operation of HPPs can disrupt environmental and social elements. In our pursuit for sustainable growth, we place responsible development at the heart of our business strategy. Before starting any new project, we conduct comprehensive social and environmental assessments of potential impacts and their mitigation. We also have a number of policies in place which govern our actions towards the environment, surrounding communities, our own employees and end customers¹⁰, including a Code of Conduct, ESG Policy, Sustainability Policy, Health and Safety Policy, Human Rights Policy and Whistleblower Policy. We support environmental awareness and the environmental education of our employees and in some cases, the communities through our Environmental Training programme.

Some of the key environmental risks arising from hydropower operations are in the areas of water management, waste management and biodiversity and ecosystems. Key external social risks relate to surrounding communities and our customers.

When it comes to **water management**, we strive for environmentally sustainable management of water resources in all our operations which means we continuously work towards improving the efficiency of water use, minimising impacts on aquatic ecosystems, and regulating our HPPs to balance low flows and reduce flooding. We work hard on our efforts to conserve water resources, mitigate water-related risks, and promote responsible water usage throughout our operations.

¹⁰ All available here: <https://www.energo-pro.com/en/policies>

The Group adheres to the national and, where applicable, international standards, such as the IFC's Sustainability Policy and the Performance Standards on Environmental and Social Sustainability¹¹, and the Hydropower Sustainability Alliance (HSA) Hydropower Sustainability Standard¹² in geographies where we operate to ensure we avoid and/or minimise negative impacts on our surrounding communities, the environment and biodiversity.

ENERGO-PRO emphasizes its **dedication to protection of water and marine resources by setting voluntary targets**. Our targets are in line with the Sustainable Development Goals ("SDGs") we aim to achieve them by no later than 2030:

- Annual water quality testing done at all sites. No major issues found regarding water quality.
- 100% of communities that have been resettled have access to safe drinking water.
- Annual decrease of water consumed for energy production by at least 5% versus 2019 baseline.
- At least 3 initiatives incorporating water reuse, recycling and other water saving systems per business unit.

Our Business Units ("Bus") have established plans and procedure to ensure effective **waste management**. This entails collection, segregation, transportation, storage, treatment (based on the waste management hierarchy principle) and disposal. Our waste management procedures comply with legal requirements and the lifecycle approach. We strive to minimise waste generation to the greatest extent possible. Our Group, along with its dedicated teams, diligently monitors and documents the waste disposal procedures. All waste, regardless of its hazardous or non-hazardous nature, is entrusted to government-accredited companies that dispose of it in strict compliance with our EIA obligations and/or permits.

The waste production of ENERGO-PRO relates mainly to activities such as construction and equipment maintenance. The Group takes action to prevent waste generation very seriously and throughout this we were able to successfully decrease our total waste. Both non-hazardous and hazardous waste handling is addressed in ENERGO-PRO Sustainability Policy and each Business Unit management systems¹³. Even though we recognise the significant impact of hazardous waste, the Group is not a large-scale generator of such waste.

Global ENERGO-PRO **voluntary targets related to resource use and circular economy** are outlined as follows (to be achieved by no later than 2030):

- 40 sites equipped with an established ESHS Management system.
- All sites have implemented initiatives to curtail or eliminate the use of single-use plastics.
- All sites have pursued strategies to reduce paper consumption, with specific targets for the percentage reduction in paper usage.

Our resource efficiency targets are also closely linked to the energy efficiency targets presented in Chapter E1 – Climate Change of the Group Sustainability Report¹⁴.

ENERGO-PRO is deeply committed to **biodiversity protection and environmental conservation**. We strive to meet and exceed compliance with all applicable environmental laws and regulations in conducting our business. The Group's mission is to work in compliance with nature and we take a proactive approach to limiting and reducing our biodiversity impacts. Our path to reducing nature loss is by protecting, maintaining, and enhancing biodiversity, reducing dependency on natural resources, rehabilitating our sites, compensating for biodiversity and ecosystems losses, and minimising impacts on nature during the planning phase of our projects.

We engage with local ecology experts on a regular basis to proactively identify and put in place measures to protect biodiversity. For impacts that cannot be fully avoided or minimised, compensation measures are often considered in discussions with local authorities and other stakeholders. Furthermore, we believe such a responsible approach to biodiversity management helps us gain acceptance from local communities. **In 2024,**

¹¹ <https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/policies-and-standards>

¹² <https://www.hydropower.org/sustainability-standard#:~:text=The%20Standard,in%20the%20clean%20energy%20transition.>

¹³ http://www.energo-pro.com/files/policies/Sustainability%20Policy/Sustainability%20Policy_EN_finalversion.pdf

¹⁴ 2023 Sustainability Report is available here: <https://www.energo-pro.com/en/pro-dkhi-investory>

ENERGO-PRO will be preparing a group Biodiversity Management Plan which will need to be applied throughout the Group.

Our **voluntary biodiversity related targets for ENERGO-PRO** are as follows (to be achieved by no later than 2030):

- All new projects develop and apply appropriate environmental and social design criteria.
- All sites with construction activities have prepared and implemented new Environmental and Social Impact Assessments (ESIAs) in line with international best practice.
- Achieve 100% rehabilitation of impacted hectares for all new projects, with detailed description and expenditure of total CAPEX.
- Complete afforestation/reforestation of 100 hectares.
- Report on all IUCN Red List and National Conservation List species with habitats in areas affected by projects, categorised as Critically Endangered; Endangered; Vulnerable; Near threatened; Least concern.
- Annually report on the number and type of community conservation projects and their outcomes.
- Establish at least two conservation or mitigation programmes in each Business Units.
- Ensure that all projects include a description of the mitigation hierarchy applied as a reporting requirement.

From a social perspective, while there are many positive impacts of ENERGO-PRO's activities (including providing access to reliable energy, heat, and basic services, creation of social infrastructure such as roads and improvement of local employment rates), our activities could also negatively impact the **surrounding communities** during construction and operations by the generation of dust, noise, road traffic and disruption to ecosystem services, amongst other impacts. To limit and manage our negative impact, ENERGO-PRO has established good practices for open communication with local communities and authorities. We organise regular meetings with local authorities and the communities. Some of the issues and topics discussed include new grid connections, community investment, school education programs, biodiversity, capacity building, and other. We also notify local municipalities about any planned power outages related to grid maintenance.

The potential for safety incidents that could harm our employees, **customers and end-users** is a concern we take seriously. We are committed to enhancing our safety protocols, conducting rigorous testing of our products, and implementing comprehensive training for our workforce to ensure the highest standards of safety and well-being. By proactively addressing these risks, we aim to safeguard our customers, maintain our reputation for quality and reliability, and uphold our financial stability. In 2023, we initiated a program aimed at complying with the National Fire Protection Association (NFPA) with the overall objective of improving our electrical safety performance.

1.7. Membership in Sustainability Alliances and Commitment to the UN SDGs

At ENERGO-PRO, we acknowledge that participation in international associations serves as a knowledge platform for the whole Group, including our Highest Governance Body. We joined a number of associations and aim to establish partnerships and demonstrate our commitment to ESG.

In 2022, we became members of the International Hydropower Association¹⁵ ("IHA"), a values-based membership organisation that promotes sustainable hydropower as a clean, green, modern and affordable solution to climate change. IHA expects its members to demonstrate alignment with IHA's values expressed in the San José Declaration on Sustainable Hydropower, a key principle of which is that "going forward, the only acceptable hydropower is sustainable hydropower".

¹⁵ <https://www.hydropower.org/>







IHA expects its members to demonstrate acceptance of this key principle by using the Hydropower Sustainability Standard to assess, improve and certify projects, which we are doing in Colombia. IHA also expects its members to respect the IHA No-go commitment on World Heritage Sites and Duty to protect in Protected areas, and members are required to submit an annual Sustainability Disclosure Form as part of their membership renewal.

We actively collaborate with IHA in the implementation of the Hydropower Sustainability Standard and the promotion of sustainable hydropower practices in the countries where we operate. Additionally, IHA encourages its members to calculate their own reservoir GHG emissions and we have received the relevant training on the G-RES tools¹⁶ from them. Our staff have been trained on the G-RES tool and the Hydropower Sustainability Standard.

<h3 style="text-align: center; margin: 0;">IHA principle N° 1</h3> <p style="text-align: center; margin: 10px 0;">Sustainable hydropower delivers on-going benefits to communities, livelihoods and the climate.</p>	<h3 style="text-align: center; margin: 0;">IHA principle N° 2</h3> <p style="text-align: center; margin: 10px 0;">The only acceptable hydropower is sustainable hydropower.</p>	<h3 style="text-align: center; margin: 0;">IHA principle N° 3</h3> <p style="text-align: center; margin: 10px 0;">Sustainable hydropower requires stakeholders to work together.</p>
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Since 2021, ENERGO-PRO has been committed to the UN Global Compact, which is the world’s largest initiative focusing on corporate responsibility and applying principles in human rights, labour, environment, and anti-corruption. The key mission of the UN Global Compact is to drive business awareness and action in support of achieving the SDGs by 2030. We demonstrate our commitment to the UN Global Compact principles by integrating them in our Sustainability Policy, our decision making and our day-to-day activities.

Our commitment to the SDGs and their supporting targets highlights the Group’s support of the principles embedded in the UN’s document titled Transforming our world: the 2030 Agenda for Sustainable Development. We understand the impact of aligning with these goals and have identified the material contributions as highlighted below:

Material UN SDGs	ENERGO-PRO Group's areas of Action	
	7 Affordable and Clean Energy	Invest in and promote initiatives relating to clean and renewable Continually work to improve energy efficiency
	8 Decent Work and Economic Growth	Provide fair employment, safe working conditions, and further invest in talent Include provisions within the Group's policies for improving inclusive economic growth
	12 Responsible Consumption and Production	Establish procedures that will enforce sustainable consumption and production Promote the use of reusable products
	13 Climate Action	Conduct climate change natural hazard risk assessments including mitigations Prepare for low carbon transition through decarbonisation strategy by setting GHG reduction targets in line with the goals of the Paris agreement
	15 Life on Land	Implement mitigation and management plans at all sites that have an impact on natural habitats Incorporate biodiversity measures into internal policies (Sustainability Policy)
	16 Peace Justice and Strong Institutions	Implement policies across the Group and our supply chain that address good governance (ex. anti-bribery and whistle-blower), and protect human and labour rights Uphold legal and regulatory compliance across the Group Implement corporate transparency into the Group's core values

Furthermore, ENERGO-PRO business activities also contribute to SDG 1 – No Poverty, SDG 3 – Good Health and Well-being, SDG 5 – Gender Equality, SDG 6 – Clean water and Sanitation, and SDG 10 – Reduced Inequalities.

¹⁶ <https://www.grestool.org/>



ENERGO-PRO

Green Financing Framework

2. Green Financing Framework

2.1. Rationale for Establishing a Green Financing Framework

At ENERGO-PRO, we are strongly committed to enhancing sustainability in our entire operations and value chain. This Green Financing Framework (the “Framework”) is an important step in aligning our financing strategy with our sustainability commitments, as outlined in our Sustainability Reports¹⁷. The Framework facilitates communication with investors and other market participants on our commitments to creating shared value for the business, society and the environment. It also aims to diversify ENERGO-PRO’s investor base, with engagement from ESG-focused investors.

2.2. Alignment with Market Principles

The Framework is aligned with the Green Bond Principles¹⁸ (“GBP”) published in June 2021 (with June 2022 Appendix 1), administered by the International Capital Market Association (“ICMA”) as well as the Green Loan Principles¹⁹ (“GLP”) and together with the GBP, the “Principles”) published in February 2023, administered by the Loan Market Association (“LMA”), the Asia Pacific LMA (“APLMA”) and the Loan Syndications and Trading Association (“LSTA”).

The Framework therefore adopts the four core components of the GBP and GLP, which include:

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

The Framework also follows the key recommendation of the ICMA and LMA/APLMA/LSTA principles with regards to External Reviews.

2.3. Alignment with the EU Taxonomy Regulation and the European Green Bond Standard

ENERGO-PRO recognizes the importance of the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation²⁰ and Eligible Green Projects financed and/or refinanced under this Framework aim to contribute to the EU environmental objectives. The Eligible Green Projects are evaluated and selected – among other criteria – according to the Substantial Contribution Criteria (SCC). Where feasible, the Framework also takes into consideration components of the European Green Bond Standard²¹.

This Framework may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classification systems. Any updated version of this Framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding External Review.

2.4. Use of Proceeds

Under this Framework, ENERGO-PRO can issue Green Financing Instruments, proceeds of which will be exclusively allocated to Eligible Green Projects as described further in this Use of Proceeds section. Green Financing Instruments may include, but are not limited to, bonds (including private placements, hybrid and convertible bonds), loans, Schuldschein instruments, commercial paper, guarantees, letters of credit and other types of green debt or hybrid financing instruments.

¹⁷ Available here: <https://www.energo-pro.com/en/pro-dkhi-investory>

¹⁸ [ICMA Green Bond Principles \(GBP\) 2021](#) (with June 2022 Appendix 1). The possible types of Green Bonds to be issued against the framework are as defined in Appendix 1, with the associated disclosure requirements for covered bonds to be followed if relevant.

¹⁹ [LMA Green Loan Principles \(GLP\) 2023](#)







²⁰ [EU Taxonomy Delegated Act on Climate Change Mitigation and Adaptation published in April 2021 and adopted in June 2021](#)

²¹ [European Green Bond Standard](#)

An amount equivalent to the net proceeds from the issuance of a Green Financing Instrument will be used to finance or refinance, in part or in full, Eligible Green Projects that meet the Eligibility Criteria set out in this Framework. Eligible Green Projects may include assets, capital expenditures and operational expenditures including research & development expenses associated with the eligibility criteria outlined below.

Eligible Green Projects that are operational expenditures are limited to those that occurred in the 2 calendar years prior to issuance of the Green Financing Instrument (look-back period).

Eligible Green Projects

Eligible Green Category	Eligibility Criteria	EU Taxonomy Mapping	UN SDGs Mapping
Renewable Energy – Hydropower	<p>Financing related to the construction, development, acquisition, maintenance, and operation of hydropower generation facilities that meet any of the following criteria:</p> <ul style="list-style-type: none"> Hydropower generation facility is a run-of-river plant and does not have an artificial reservoir; OR Power density of the facility is above 5 W/m²; OR Lifecycle GHG emissions from the facility are lower than 100g CO₂e/kWh. <p>For new hydropower projects, necessary environmental and social impact assessments will be undertaken and there should be no significant controversies identified.</p>	<p>Climate Change Mitigation: 4.5 Electricity generation from hydropower</p>	 
Renewable Energy – Solar Power	<p>Financing related to the construction, development, acquisition, maintenance, and operation of solar power generation facilities using solar photovoltaic (PV) technology.</p>	<p>Climate Change Mitigation: 4.1 Electricity generation using solar photovoltaic technology</p>	 
Renewable Energy – Wind Power	<p>Financing related to the construction, development, acquisition, maintenance, and operation of onshore and offshore wind energy generation facilities.</p>	<p>Climate Change Mitigation: 4.3 Electricity generation from wind power</p>	 

Eligible Green Category	Eligibility Criteria	EU Taxonomy Mapping	UN SDGs Mapping
Renewable Energy – Associated Grid Infrastructure	<p>Financing related to the construction, development, acquisition, maintenance, and operation of electricity transmission and distribution infrastructure or equipment which is in an electricity system that meets any of the following criteria:</p> <ul style="list-style-type: none"> The system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems; OR Over 67% of newly enabled generation capacity in the system is below the generation threshold value of 100gCO₂e/kWh (over a rolling 5-year period); OR The grid's average emissions factor²² is below the threshold value of 100gCO₂e/kWh (on a lifecycle basis over a rolling 5-year period) <p>Financing related to activities that are one of the following:</p> <ul style="list-style-type: none"> Construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100gCO₂e/kWh measured on a lifecycle basis to a substation or network; Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation; Installation of equipment to increase controllability and observability of the electricity system and enable development & integration of renewable energy, including: <ul style="list-style-type: none"> Sensors and measurement tools (including meteorological sensors for forecasting renewable production); Communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed). Installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to Commission Regulation (EU) No 548/2014²³ and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AA0 level requirements on no-load losses set out in standard EN 50588-1(195)²⁴; Installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944²⁵ of the European Parliament and of the Council, which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs; Construction/installation of equipment to allow for exchange of specifically renewable electricity between users; Construction and operation of interconnectors between transmission systems (if one of the systems is compliant). Construction and operation of electric vehicle charging stations and supporting electric infrastructure for the electrification of transport 	Climate Change Mitigation: 4.9 Transmission and distribution of electricity	






²² Calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system

²³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0548&from=EN>

²⁴ <https://standards.iteh.ai/catalog/standards/clc/dfc507ef-6d9b-4731-b7b5-9d541a4226c1/en-50588-1-2017>

²⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0944>

Eligible Green Category	Eligibility Criteria	EU Taxonomy Mapping	UN SDGs Mapping
Renewable Energy – Energy Storage	Financing related to the construction, development, acquisition, maintenance, and operation of electricity storage including pumped hydropower storage.	Climate Change Mitigation: 4.10 Storage of electricity	 
Clean Transportation	Financing related to the development, construction, acquisition, operation, maintenance and upgrades of zero-carbon and low-carbon transport vehicles: <ul style="list-style-type: none"> For vehicles of category M1²⁶ and N1²⁷, both falling under the scope of Regulation (EC) No 715/2007²⁸: <ul style="list-style-type: none"> until 31 December 2025, specific emissions of CO₂²⁹ are lower than 50gCO₂/km (low- and zero-emission light-duty vehicles); from 1 January 2026, specific emissions of CO₂³⁰ are zero. For vehicles of category L³¹, the tailpipe CO₂ emissions equal to 0g CO₂e/km³². 	Climate Change Mitigation: 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	

a) Exclusions

For the avoidance of doubt, financing related to the following activities are excluded from the financing by ENERGO-PRO's Green Financing Instruments:

- Projects related to acquisition, development, operation and maintenance of new or existing fossil fuel-based electricity generation capacity;
- In the specific context of transmission and distribution infrastructure: projects for infrastructure dedicated to directly and solely connecting or expanding existing direct connection to production plants that are fossil-fuel based

2.5. Process for Project Evaluation and Selection

ENERGO-PRO has established a Green Finance Committee (the "Committee") with responsibility for governing the selection and monitoring of the Eligible Green Projects.

In line with the structure of this committee in ENERGO-PRO's Corporate Governance Structure, for the process for project evaluation and selection of Eligible Green Projects the Committee will comprise the Chief Executive Officer, Chief Financial Officer, Group General Counsel, Executive Strategic Director, the Environmental & Social (ES) Group Head and senior member of Finance team. The Committee will additionally be supported by members of sustainability teams, finance teams, and any other teams from across ENERGO-PRO, its divisions and its operating businesses, as appropriate. The Committee will meet on an annual basis, and as required for specific issuances.

²⁶ As defined in Article 4(1), point (a)(i), of [Regulation \(EU\) 2018/858](#): motor vehicles with not more than eight seating positions in addition to the driver's seating position and without space for standing passengers, regardless of whether the number of seating positions is restricted to the driver's seating position

²⁷ As defined in Article 4(1), point (b)(i), of [Regulation \(EU\) 2018/858](#): motor vehicles with a maximum mass not exceeding 3,5 tonnes

²⁸ <https://eur-lex.europa.eu/eli/reg/2007/715/oj>

²⁹ As defined in Article 3(1), point (h), of [Regulation \(EU\) 2019/631](#)

³⁰ As defined in Article 3(1), point (h), of [Regulation \(EU\) 2019/631](#)

³¹ 2- and 3-wheel vehicles and quadricycles

³² Calculated in accordance with the emission test laid down in [Regulation \(EU\) 168/2013](#)

Role of the Green Finance Committee

The Committee is the oversight mechanism for:

- Reviewing, selecting and validating the Eligible Green Projects:
 - Members from different project teams will quarterly recommend Eligible Green Projects to the Committee that meet the eligibility criteria;
 - The Committee will further screen and assess that the Eligible Green Projects meet the eligibility criteria laid out in the Use of Proceeds section of this Framework, as well as ENERGO-PRO's sustainability policies and procedures;
- Annually reviewing the list of Eligible Green Projects against the eligibility and exclusionary criteria. If a project no longer meets the eligibility criteria set forth in this Framework, the Eligible Green Project will be removed from the register and replaced as soon as a substitute has been identified;
- Overseeing, approving and publishing the Allocation Reporting and Impact Reporting, including external assurance statements;
- Monitoring the evolution of market practices, particularly in relation to disclosure and reporting.

Identification and Mitigation of Environmental and Social Risks

ENERGO-PRO has put in place a strong evaluation and selection process, that leverages its existing sustainability and risk management framework, to ensure the mitigation of potential environmental and social risks associated with the Eligible Green Projects. This is in addition to ensuring that Eligible Green Projects meet applicable national and international environmental and social standards and regulations.

ENERGO-PRO has conducted and continues to conduct Double Materiality Assessments (DMAs) as part of our preparation for present and future reporting obligation in an extent defined in Act No. 563/1991 Coll. - Act on Accounting. ENERGO-PRO plans to further refine and update our DMA process in subsequent years to fully comply with ESRS requirements by 2026.

A monitoring process and certain mitigation measures have been established for any risks deemed to be significant, such as risks related to water management, waste management, biodiversity and ecosystems, surrounding communities and end-customers. The Group adheres to the national and, where applicable, international standards such as the IFC's Sustainability Policy and the Performance Standards on Environmental and Social Sustainability³³, and the IHA's Hydropower Sustainability Standard³⁴ in geographies where we operate to ensure we avoid and/or minimise negative impacts on our surrounding communities, the environment and biodiversity.

Further details can be found in ENERGO-PRO's Sustainability Reports³⁵.

2.6. Management of Proceeds

ENERGO-PRO's treasury team will manage the allocation of an amount equivalent to the net proceeds of its Green Financing Instruments on an aggregated basis for multiple Green Financing Instruments (portfolio approach). To manage this process, ENERGO-PRO will establish a Green Financing Register which will be reviewed annually by the ESG Committee.

ENERGO-PRO will strive to achieve a level of allocation to the Eligible Green Project Portfolio that matches or exceeds the balance of net proceeds of its outstanding Green Financing Instruments. Additional Eligible Green Projects will be added to the Eligible Green Project Portfolio to the extent required to ensure that the net proceeds from outstanding Green Finance Instruments will be allocated to the Eligible Green Project Portfolio. Replacement of the Eligible Green Project(s) will be done on a best effort basis, as soon as possible and within a reasonable period of time of 24 months.

³³ <https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/policies-and-standards>

³⁴ <https://www.hydropower.org/sustainability-standard>

³⁵ Available here: <https://www.energo-pro.com/en/pro-dkhi-investory>

Pending full allocation of an amount equal to the net proceeds of outstanding Green Financing Instruments, the unallocated proceeds will be held in temporary investments, such as cash, cash equivalents and / or other liquid marketable investments in line with ENERGO-PRO's treasury management policies.

2.7. Reporting

With respect to its Green Financing Instrument(s), ENERGO-PRO commits to publish on its website allocation and impact report(s) annually, starting one year after issuance and until full allocation of the proceeds and in the event of any material changes until the relevant maturity date.

a) Allocation Reporting

ENERGO-PRO will provide information on the allocation of the net proceeds of its Green Financing Instruments on its website. The information will contain at least the following details:

- Net proceeds of outstanding Green Financing Instruments;
- Amount of net proceeds allocated to Eligible Green Projects as defined in the Use of Proceeds section of this Framework;
- Subject to confidentiality considerations, a list of the Eligible Green Projects financed through ENERGO-PRO's Green Financing Instruments, including a description of the projects and their geographical distribution where feasible;
- The proportional allocation of proceeds between existing projects (refinancing) and new projects;
- The remaining balance of unallocated proceeds, if any.

b) Impact Reporting

ENERGO-PRO intends to align, on a best effort basis, with the reporting recommendations as outlined in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2024)"³⁶.

ENERGO-PRO will provide impact reporting at the Eligible Green Project Category level, including project level information where possible, which may include the following estimated Impact Reporting Metrics:

Eligible Green Category	Potential Impact Indicators
Renewable Energy – Hydropower, Wind Power and Solar Power	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent/a • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) • Additional capacity of renewable energy plant(s) constructed, acquired or rehabilitated in MW
Renewable Energy – Associated Grid Infrastructure	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent/a • Additional capacity of renewable energy plant(s) to be served by transmission systems (MW) • Variation of the carbon intensity factor of the transmission system in tonnes of CO2 equivalent per MWh • Decrease in the carbon intensity factor of the transmission system (tCO2 e/MWh) • Number of smart grid components installed in the power distribution network, e.g. smart meters • In relation to supporting infrastructure for electric vehicles: <ul style="list-style-type: none"> – Annual GHG emissions reduced/avoided in tCO2 –e p.a. – Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)

³⁶ [ICMA, Handbook – Harmonized Framework for Impact Reporting](#) (June 2024)

Eligible Green Category	Potential Impact Indicators
Renewable Energy – Energy Storage	<ul style="list-style-type: none"> • Additional energy storage capacity installed, acquired and/or maintained (MWh)
Clean Transportation	<ul style="list-style-type: none"> • Passenger-kilometres (i.e. the transport of one passenger over one kilometre) and/or passengers; or tonnekilometres (i.e. the transport of one tonne over one kilometre) and/or tonnes • Annual GHG emissions reduced/avoided in tCO₂-e p.a. • Reduction of air pollutants: particulate matter (PM), sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)

2.8. External Reviews

ENERGO-PRO's Green Financing Framework is supported by the following external reviews:

a) Second Party Opinion ("SPO") (pre-issuance)

ENERGO-PRO has appointed S&P Global Ratings ("SPO Provider") to provide a SPO on the Framework, to confirm alignment with the GBP and GLP. The SPO is available on ENERGO-PRO's website.

b) Post-Issuance External Verification on Reporting

ENERGO-PRO intends to request on an annual basis, starting one year after issuance of a Green Financing Instrument and until full allocation, an assurance report on the allocation of Green Financing Instrument proceeds to Eligible Green Projects, provided by an external review provider.

3. Amendments to this Framework

ENERGO-PRO will review this Framework from time to time, including its alignment to updated versions of the relevant Principles as and when available in the market. Any major update will be subject to the review of a qualified provider of Second Party Opinions.

4. Disclaimer

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