



Second-Party Opinion

PolSolar Kft. Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the PolSolar Kft. 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 2021. 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 the Green Loan Principles. Sustainalytics considers that investments in the eligible category are expected to support the transition towards a low-carbon economy in Hungary and the EU and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION / SELECTION PolSolar has established a Green Finance Committee which is responsible for evaluating and selecting eligible projects in line with the eligibility criteria. PolSolar has conducted an environmental impact study and has developed a monitoring plan for each project which has been approved by an independent environmental authority. Sustainalytics considers the risk management system to be adequate and the process to be aligned with market practice.



MANAGEMENT OF PROCEEDS PolSolar’s Green Finance Committee will be responsible for managing the allocation of net proceeds to eligible projects and will track the proceeds through an internal register. PolSolar intends to allocate all proceeds within two years of issuance. Pending allocation, proceeds will be held temporarily in accordance with PolSolar’s liquidity management policies and guidelines in money market products, such as cash, cash equivalents, bank deposits and sovereign bonds. Sustainalytics considers this process to be in line with market practice.



REPORTING PolSolar intends to report on the allocation of proceeds and corresponding impact metrics in a green finance report which will be published on PolSolar’s website on an annual basis until full allocation. Allocation reporting will include information such as the total amount and type of the green financing instruments issued. Impact reporting may include metrics such as installed renewable energy capacity (MW) and estimated annual GHG emissions avoided (tCO₂e). Sustainalytics views PolSolar’s allocation and impact reporting as aligned with market practice.

Evaluation date	March 29, 2022
Issuer Location	Budapest, Hungary

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Introduction

Established in 2018, PolSolar Kft. (“PolSolar” or the “Company”) is a developer and operator of solar power plants headquartered in Budapest, Hungary. PolSolar is the holding company of five special purpose vehicles,¹ which are wholly owned subsidiaries of the Company and were created with the sole purpose of building and operating five individual solar photovoltaic power plants. These plants will have an installed capacity of 46.7 MW (AC) each and are expected to be completed by May 2023.

PolSolar has developed the PolSolar Kft. Green Finance Framework (the “Framework”) under which it intends to issue green bonds and loans and use the proceeds to finance, in whole or in part, future projects expected to deliver positive environmental impact by supporting the clean energy transition in Hungary and the EU. The Framework defines eligibility criteria in the following green category:

1. Renewable Energy

PolSolar engaged Sustainalytics to review the PolSolar Kft. Green Finance Framework, dated March 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)² and the Green Loan Principles 2021 (GLP).³ The Framework will be published in a separate document.⁴

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the 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 2021, 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 1.11, 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 PolSolar’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. PolSolar representatives have confirmed that: (1) they understand it is the sole responsibility of PolSolar to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information, and (3) 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 PolSolar.

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 standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

¹ The special-purpose vehicles are: (i) Theia Solar Kft., (ii) Anton Solar Kft., (iii) Mithra Solar Kft., (iv) Boreas Solar Kft., and (v) Alderaan Solar Kft.

² The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁴ The PolSolar Kft. Green Finance Framework will be available on PolSolar Kft’s website at: www.polsolar.eu

⁵ 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.

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. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized 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 PolSolar has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the PolSolar Kft. Green Finance Framework

Sustainalytics is of the opinion that the PolSolar Kft. 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 PolSolar Kft. Green Finance Framework:

- Use of Proceeds:
 - The eligible category – Renewable Energy – is aligned with those recognized by the GBP and GLP. Sustainalytics notes that expenditures towards renewable energy generation are expected to support the clean energy transition in Hungary and the EU.
 - Under the Renewable Energy category, PolSolar may finance the construction and operation of five solar photovoltaic power generation plants in Mezőcsát, Hungary. The plants are expected to have an installed capacity of 46.7 MW (AC) each and be operational in May 2023. Sustainalytics considers investments in solar photovoltaic power generation to be aligned with market practice. Sustainalytics further views the eligible projects as contributing to the ongoing renewable energy transition in Europe and generating positive environmental benefits in Hungary.
- Project Evaluation and Selection:
 - PolSolar has established a Green Finance Committee (the “Committee”), which consists of two managing directors of the Company, responsible for evaluating and selecting eligible projects in line with the Framework’s eligibility criteria and providing the final approval on the allocation of proceeds. The Committee will also monitor and approve any proposed changes to the projects.
 - In order to identify and address the environmental and social risks associated with eligible projects, PolSolar has conducted an environmental impact study and has developed a monitoring plan which has been approved by an independent environmental authority. Sustainalytics considers these risk management systems to be adequate and aligned with market expectation. For additional details, see Section 2.
 - Based on the involvement of senior management in project selection and the presence of risk management systems, Sustainalytics considers the project evaluation and selection process to be in line with market practice.
- Management of Proceeds:
 - PolSolar’s Green Finance Committee will be responsible for managing the allocation of net proceeds to eligible projects and will track the proceeds through an internal green asset register.
 - PolSolar intends to allocate all proceeds to eligible projects within two years of issuance. Pending allocation, proceeds will be held temporarily in accordance with PolSolar’s liquidity management policies and guidelines in money market products, such as cash, cash equivalents, bank deposits and sovereign bonds⁶.

⁶ PolSolar has confirmed to Sustainalytics that the Company will not hold the bonds for longer than the allocation timeframe, i.e., one year.

- Based on the use of an internal tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - PolSolar intends to report on the allocation of proceeds and corresponding impact metrics in a green finance report which will be published on its website on an annual basis until full allocation.
 - Allocation reporting will include information such as the total amount and type of green financing instruments issued, share of proceeds allocated and the project implementation progress of the plants.
 - The Company will, where feasible, report on relevant impact indicators, including installed renewable energy capacity (MW), renewable energy produced (MWh) and estimated annual GHG emissions avoided (tCO₂e).
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the PolSolar Kft. 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 PolSolar

Contribution of the Framework to PolSolar's sustainability strategy

Sustainalytics is of the opinion that as a developer and operator of solar power generation projects, PolSolar's business model is supportive of positive environmental outcomes. The Company was established in 2018 as a pure play renewable energy producer and focuses on developing and operating solar photovoltaic plants.

Sustainalytics notes that the sole aim of the Framework is to issue green finance instruments to finance the construction and operation of five solar PV plants. The plants are intended to have a combined installed generation capacity of 233.5 MW (46.7 MW (AC) each) and are expected to be operational by May 2023. In order to support the clean energy transition in the EU, the Company has communicated in the Framework that it is committed to limiting global warming to below 1.5°C above pre-industrial levels in line with the Paris Agreement.

Sustainalytics acknowledges PolSolar's plans to use the proceeds to finance solar power generation to support emissions reduction and is of the opinion that the PolSolar Kft. Green Finance Framework is aligned with the Company's core business model of expanding renewable energy generation. Nevertheless, Sustainalytics encourages PolSolar to establish quantified, time-bound targets, and to publicly disclose its targets and report on its progress towards them.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include waste and effluents generated in construction, land use and loss of biodiversity resulting from large-scale infrastructure development, and occupational health and safety.

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

- Regarding emissions and waste generated in construction, and land use and biodiversity issues, Hungary is recognized under the Equator Principles as a Designated Country, indicating the presence of robust environmental and social governance legislation systems and institutional capacity to ensure mitigation of common environmental and social risks.⁷ Additionally, in accordance with EU regulation on construction and demolition waste, PolSolar is required to follow guidelines set out by

⁷ The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

each of the Member States the Company operates in.⁸ These regulations are aimed to ensure waste management is carried out without endangering human health or causing harm to the environment.

- PolSolar complies with the EIA Directive on the Effects of Public and Private Projects on the Environment which aims at ensuring that projects which are likely to have a significant impact on the environment are adequately assessed before approval. The Directive requires that measures be taken to “avoid, prevent, reduce and if possible, offset significant adverse effects on the environment, in particular on species and habitats.” The EIA Directive also integrates land use issues associated with land-intensive projects. Large-scale projects should limit their impact of land and on soil, “including as regards organic matter, erosion, compaction and sealing.”⁹
- Regarding worker health and safety, PolSolar complies with the EU Directive on the Introduction of Measures to Encourage Improvements in the Safety and Health of Workers at Work.¹⁰ Under this Directive, employers must take all necessary measures to prevent occupational health and safety risks and provide the essential training, information, tools and means needed to ensure health and safety of workers.

Based on the regulatory context in which PolSolar operates, Sustainalytics is of the opinion that PolSolar is adequately positioned to manage or mitigate environmental and social risks commonly associated with the eligible category. Nonetheless, Sustainalytics encourages PolSolar to develop and disclose Company-level environmental and social risk mitigation policies and processes to manage potential adverse impacts related to the funded projects.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP and is relevant in the local context.

Importance of financing renewable energy projects in the EU and Hungary

The energy sector is the most significant contributor of GHG emissions in the EU, accounting for approximately 75% of GHG emissions in 2021.¹¹ The EU has set an objective to achieve climate neutrality by 2050 with an interim target to reduce GHG emissions by 55% by 2030 compared to a 1990 baseline.¹² In order to meet its climate objectives, in 2018, the EU set a target to increase the share of renewable energy in its total energy use to 32% by 2030.¹³ Subsequently, in 2021, the EU Commission raised the target to 38-40%.¹⁴ In 2021, 34% of the EU’s electricity was derived from renewable sources.¹⁵ In 2020, 14% of the EU’s electricity was generated by solar power.¹⁶ Moreover, the EU continues to support research and innovation with a focus on photovoltaics, concentrated solar power and solar heating and cooling aiming to further increase the share of solar power in the energy mix.¹⁷

Hungary accounts for 1.7% of the EU’s GHG emissions. In Hungary, the energy sector was responsible for approximately 72% of the country’s GHG emissions in 2017 despite a 18% reduction compared to 2005.¹⁸ In line with the EU’s commitments, the government of Hungary has committed to achieving carbon neutrality by 2050 with an interim goal to reduce its GHG emissions by at least 40% by 2030, compared to 1990. In order to achieve these goals, the government is also focused on increasing the share of renewable energy to 20%

⁸ European Commission, “Directive 2008/98/EC on waste”, (2008), at: [L_2008312EN.01000301.xml \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A2008L0182)

⁹ EUR-Lex, “Directive 2014/52/EU”, (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

¹⁰ Council of the European Union, “Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work”, (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

¹¹ European Commission, “Questions and Answers - Making our energy system fit for our climate targets”, at:

https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3544

¹² European Commission, “2030 Climate Target Plan”, at: https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan_en

¹³ European Commission, “Renewable Energy Directive 2018/2001/EU”, at: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

¹⁴ European Commission, “Proposal for an amending Renewable Energy Directive (EU) 2018/2001”, at: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

¹⁵ European Commission, “Questions and Answers - Making our energy system fit for our climate targets”, at:

https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3544

¹⁶ Ibid.

¹⁷ European Commission, “Solar energy”, at: https://ec.europa.eu/info/research-and-innovation/research-area/energy-research-and-innovation/solar-energy_en

¹⁸ Government of Hungary, “Hungary’s Fourth Biennial Report”, at: https://unfccc.int/sites/default/files/resource/20191219_UNFCCC_BR4_fin.pdf

in its gross final energy consumption.¹⁹ Hungary has also committed to decarbonizing its electricity sector to achieve its carbon neutrality goals. In 2020, the share of electricity generated from renewable sources in Hungary stood at approximately 12%,²⁰ with solar accounting for only 5% in 2019.²¹ While the representation of solar energy in Hungary's energy mix remains low, the Hungarian government continues to promote the use of solar energy aiming to exploit the country's solar potential, including the feed-in tariffs KÁT²² and METÁR,²³ which help support eligible solar power investment projects and more broadly promote renewable energy uptake.

Based on the above context, Sustainalytics is of the opinion that PolSolar's investments in solar photovoltaic power plants are expected to deliver positive environmental impact by supporting the growth of the renewable energy sector and the transition towards a low-carbon economy in Hungary and more broadly in the EU.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The instruments issued under the PolSolar Kft. Green Finance Framework are expected to 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

Conclusion

PolSolar has developed the PolSolar Kft. Green Finance Framework under which it intends to issue green bonds and loans and use the proceeds to finance the development of five solar photovoltaic power plants. Sustainalytics considers that the projects funded by the green finance proceeds are expected to support the clean energy transition in Hungary and the EU.

The PolSolar Kft. Green Finance Framework outlines a process for tracking, allocating and managing proceeds and makes commitments for PolSolar to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the PolSolar Kft. Green Finance Framework is aligned with the overall sustainability commitments of the Company and that the green use of proceeds category is expected to contribute to advancing the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that the regulatory requirements under which PolSolar operates position the Company to adequately identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

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

¹⁹ European Commission, "HUNGARY - Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030", at: https://energy.ec.europa.eu/system/files/2019-06/necp_factsheet_hu_final_0.pdf

²⁰ Eurostat, "Renewable energy statistics", at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics#Wind_and_water_provide_most_renewable_electricity.3B_solar_is_the_fastest-growing_energy_source

²¹ OECD, "Hungary Progress in the net zero transition", at: <https://www.oecd.org/regional/RO2021%20Hungary.pdf>

²² RES Legal Europe, "Hungary - Feed-in tariff", at: <http://www.res-legal.eu/search-by-country/hungary/single/s/res-e/t/promotion/aid/feed-in-tariff-10/lastp/143>

²³ Council of European Energy Regulators, "Status Review of Renewable Support Schemes in Europe for 2016 and 2017", at: <https://www.ceer.eu/documents/104400/-/-/80ff3127-8328-52c3-4d01-0acb2d3bed>

Appendix

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

Section 1. Basic Information

Issuer name:	PoSolar Kft.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	PoSolar Kft. Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 29, 2022

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds – Renewable Energy – is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category are expected to support the transition towards a low carbon economy in Hungary and the EU and advance the UN Sustainable Development Goals (SDG), specifically SDG 7.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

PolSolar has established a Green Finance Committee which is responsible for evaluating and selecting eligible projects in line with the eligibility criteria. PolSolar has conducted an environmental impact study and has developed a monitoring plan for each project which has been approved by an independent environmental authority. Sustainalytics considers the risk management system to be adequate and the process to be aligned with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

PolSolar's Green Finance Committee will be responsible for managing the allocation of net proceeds to eligible projects and will track the proceeds through an internal register. PolSolar intends to allocate all proceeds within two years of issuance. Pending allocation, proceeds will be held temporarily in accordance with PolSolar's liquidity management policies and guidelines in money market products such as cash, cash equivalents, bank deposits and sovereign bonds. Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
 Allocations to both existing and future investments
- Allocation to individual disbursements
 Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
 Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

PolSolar intends to report on the allocation of proceeds and corresponding impact metrics in a green finance report which will be published on PolSolar's website on an annual basis until full allocation. Allocation reporting will include information such as the total amount and type of the green financing instruments issued. Impact reporting may include metrics such as installed renewable energy capacity (MW) and estimated annual GHG emissions avoided (tCO₂e). Sustainalytics views PolSolar's allocating and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis

- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment

- Other (please specify):

Total amount and type of the green financing instruments issued, the share of proceeds allocated and the project implementation progress of all five plants.

Frequency:

- Annual Semi-annual
 Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
 Decrease in water use Other ESG indicators (please specify): Installed renewable energy capacity (MW), Renewable energy produced (MWh).

Frequency

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify): green finance report
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Allocation of the proceeds will be subject for review by an independent auditor.

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

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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