

EUROPEAN ENERGY GREEN BOND

DNV GL ELIGIBILITY ASSESSMENT

Scope and Objectives

European Energy AS (henceforth referred to as “European Energy”) builds, develops, finances, and manages wind and solar farms in Europe. It sells electricity from the operational plants, and also engages in asset management activities. As European Energy derives its revenues from renewable energy development & operation as well as energy storage, it is aligned with a low-carbon economy and SDG 7 (Affordable & Clean Energy).

European Energy is intending to issue a Green Bond to finance and re-finance renewable energy assets (henceforth referred to as “the Bond”).

DNV GL Business Assurance Services Limited (“DNV GL”) has been commissioned by European Energy to provide a review of European Energy’s Green Bond Framework. Our methodology to achieve this is described under ‘Work Undertaken’ below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of Bond issued via the European Energy Green Bond Framework, the value of any investments in the Bond, or the long term environmental & social benefits of the transaction. Our objective has been to provide an assessment that the Bond Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of European Energy and DNV GL

The management of European Energy has provided the information used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform European Energy management and other interested stakeholders in the Bond Framework as to whether the Framework is aligned with Green Bond Principles. In our work we have relied on the information and the facts presented to us by European Energy. DNV GL is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by European Energy management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL’s opinion

We have adapted our green bond eligibility assessment methodology to create a European Energy specific Green Bond Eligibility Assessment Protocol (henceforth referred to as “Protocol”) - see Schedule 2. Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL’s opinion.

As per our Protocol, the criteria against which the Bond has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by European Energy in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a European Energy specific Protocol, adapted to the purpose of the Bond, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by European Energy on the Bond and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of European Energy's published material with regards to European Energy's environmental activities relating to the company;
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

Findings and DNV GL's opinion

DNV GL's findings are listed below:

1. Principle One: Use of Proceeds.

European Energy intends to use the proceeds from the issuance of the Bond to finance and re-finance renewable energy assets & projects which contribute to the achievement of the SDG 7 Affordable & Clean Energy. The assets & projects eligible for financing via the Framework will include:

- Development and construction of renewable energy projects such as solar and wind power.
- Energy storage projects to store energy from wind turbines and solar panels as wells as surplus heating from waste incineration and industrial processes.
- Research and Development projects related to solar and wind power

DNV GL concludes that the eligible categories outlined in the European Energy Green Bond Framework are consistent with the categories described in the Green Bond Principles.

The European Energy Green Bond Framework presents the criteria used to define the appropriate use of proceeds. European Energy intends to use the proceeds to refinance the projects presented in Schedule 1.

2. Principle Two: Process for Project Evaluation and Selection.

DNV GL reviewed the Green Bond Framework which describes the process through which projects are evaluated and selected. European Energy utilise its existing investment committee to ensure that only eligible projects are financed with the Bond proceeds, with the treasury team chairing the committee.

European Energy will record the eligible projects in a Green Bond Register with the purpose of monitoring the eligible assets and projects and the allocation of the net proceeds from Green Bonds to eligible assets and projects.

DNV GL has reviewed the evidence and can confirm that the Eligible Green Projects and decision process for project selection meets the eligibility criteria defined by European Energy in the Bond documentation. European Energy has defined the process by which it will allocate funds to Eligible Green Projects and described the key merits used as well as the governance level responsible for selecting projects.

3. Principle Three: Management of Proceeds.

DNV GL has reviewed evidence that states the use of proceeds of the Bond issuance will be directed to financing and re-financing eligible projects as recorded on the Green Bond Register. The aggregate amount of the Green Bond Register will exceed the proceeds from the Green Bond.

In the event of a asset or project no longer meeting the criteria outlined in European Energy's Green Bond Framework, the project will be removed from the Green Bond Register and the associated proceeds re-allocated to other eligible projects.

European Energy will utilize its existing liquidity management policy if the Green Bond proceeds are greater than the combined value of the Green Bond Register.

DNV GL can confirm that the management of proceeds will be tracked in an appropriate manner and attested to by a formal internal process.

4. Principle Four: Reporting.

DNV GL can confirm European Energy has committed to produce annual reporting on the allocation of the expenditure and the actual or estimated environmental impact achieved where possible. European Energy have committed to aligning the reporting with best practise as defined by the ICMA and the guidelines in the Nordic Public Sector Issuer's Position Paper on Green Bond Impact Reporting.

European Energy have provided examples of the impact metrics that may be used for reporting within the Green Bond Framework.

On the basis of the information provided by European Energy and the work undertaken, it is DNV GL's opinion that the Bond Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles.

for DNV GL Business Assurance Services UK Limited

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About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

1 SCHEDULE 1: DESCRIPTION OF CATEGORIES TO BE FINANCED THROUGH THE BOND

Eligible Green Category	Description	SDG
Renewable Energy	<p>Development and construction of renewable energy projects such as solar and wind power.</p> <p>Energy storage projects to store energy from wind turbines and solar panels as wells as surplus heating from waste incineration and industrial processes.</p> <p>Research and Development projects related to solar and wind power (such as the Risø Test Centre).</p>	7 Affordable & Clean Energy

SCHEDULE 2: EUROPEAN ENERGY SPECIFIC GREEN BOND FRAMEWORK ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	The bond must fall in one of the following categories, as defined by the Green Bond Principles: <ul style="list-style-type: none"> • Use of Proceeds Bond • Use of Proceeds Revenue Bond • Project Bond • Securitized Bond 	Evidence reviewed: <ul style="list-style-type: none"> • European Energy Green Bond Framework – May 2019 	The European Energy Green Bond falls in the category of a Use of Proceeds Bond.
1b	Green Project Categories	The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	Evidence reviewed: <ul style="list-style-type: none"> • European Energy Green Bond Framework – May 2019 	We conclude that the Framework describes the proposed utilization of proceeds.
1c	Environmental & Social benefits	All designated Green Project categories should provide clear environmentally sustainable or social benefits, which, where feasible, will be quantified or assessed by the issuer.	Evidence reviewed: <ul style="list-style-type: none"> • European Energy Green Bond Framework – May 2019 	The Framework outlines the expected environmental benefits that will be realised by any Bonds issued under the Framework.
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended	Evidence reviewed: <ul style="list-style-type: none"> • European Energy Green Bond Framework – May 2019 	We can confirm from the information provided and discussions with European Energy that the Bond proceeds will be used for re-financing historic projects

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.		and the financing of new developments.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Issuer's environmental and social and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>We reviewed:</p> <ul style="list-style-type: none"> European Energy Green Bond Framework – May 2019 Green Bond Register – May 2019 <p>We also performed a desk based study and reviewed environmental and social governance documentation:</p> <ul style="list-style-type: none"> European Energy A/S: Annual Report for 2018 	We conclude that, from the information provided, European Energy's approach to managing environmental sustainability is in line with the objective of the Green Bond.

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Evidence reviewed: <ul style="list-style-type: none"> European Energy Green Bond Framework – May 2019 	We conclude that the European Energy Green Bonds will be tracked in an appropriate manner and attested to by a formal internal process.
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Evidence reviewed: <ul style="list-style-type: none"> European Energy Green Bond Framework – May 2019 	We conclude that there is a clear process in place for the tracking of the balance taking into account disbursements.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Evidence reviewed: <ul style="list-style-type: none"> European Energy Green Bond Framework – May 2019 	We conclude that European Energy has disclosed how it will manage any unallocated proceeds within its existing liquidity policy.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	Evidence reviewed: <ul style="list-style-type: none"> European Energy Green Bond Framework – May 2019 	<p>We confirm European Energy has committed to produce an Annual Bond Report which will provide investors with information on the allocated proceeds and include quantification of the environmental benefits of the selected projects where possible.</p> <p>We note that European Energy has committed to aligning the report with ICMA and the Nordic Public Sector Issuer's Position Paper on Green Bond Impact Reporting as a commitment to best practice.</p>