



## POST-ISSUANCE CLIMATE BOND CERTIFICATION:

---

Verification Report for Post-Issuance Certification  
for the Green Bond Issued by Encavis AG

**ENCAVIS**

## CONTENTS

---

SCOPE OF WORK.....	3
CRITERIA.....	3
ISSUER'S RESPONSIBILITY.....	3
ISS-CORPORATE'S VERIFICATION PROCESS .....	3
ISS-CORPORATE'S BUSINESS PRACTICES.....	4
RESTRICTION ON DISTRIBUTION AND USE OF REPORT .....	4
OPINION.....	4
Disclaimer.....	5
About ISS-Corporate .....	5
ANNEX.....	6
ANNEX 1: DETAILED FINDINGS .....	7
5. USE OF PROCEEDS.....	7
6. PROCESS FOR EVALUATION AND SELECTION OF PROJECTS & ASSETS.....	8
7. MANAGEMENT OF PROCEEDS .....	9
8. REPORTING.....	10
9. CLIMATE BOND TAXONOMY .....	11
10. TECHNICAL CRITERIA.....	12
ANNEX 2: DETAILED FINDINGS SOLAR POWER.....	12

## SCOPE OF WORK

Encavis AG commissioned ISS Corporate Solutions (ISS-Corporate) to compile a Verifier's Report for Post-Issuance Certification of its Green Bond by the Climate Bonds Initiative (CBI). The Climate Bonds Certification process includes verifying whether the provisions of the Climate Bonds Standards issued by the CBI are met and obtaining evidence to support the verification.

## CRITERIA

Relevant CBI Standards for this Climate Bonds Certification:

- Climate Bonds Standard (Version 3.0)
- Wind Energy Sector Eligibility Criteria (Version 1.3)

## ISSUER'S RESPONSIBILITY

Encavis AG's responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Technical aspects of projects & assets
- Internal processes & controls
- Proposed reporting

## ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Pre-Issuance Verification of the Green Bond issued by Encavis AG has been conducted based on the Climate Bonds Standard V.3.0, and limited assurance procedures based on common market practices and voluntary guidelines, in accordance with relevant assurance standards such as the International Standard on Assurance Engagements, other than Audits or Reviews of Historical Financial Information (ISAE 3000).

The approach to assess whether the Issuer's Green Bond meets the criteria of the Climate Bonds Standard V.3.0. is as follows:

- The Issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes and documentation regarding the proceeds (e.g., use of proceeds, management of proceeds).
- The Issuer filled in a questionnaire that covers all criteria of the Climate Bonds Standard V.3.0.

- The Issuer provided background documents that elaborate further on the information mentioned in the questionnaire.
- An assessment of the CBI criteria has been carried out using the questionnaire and background documents. In case any answers were unclear, the issuer has been contacted for more details and clarification.

The engagement with Encavis AG took place in October and November 2023

## ISS-CORPORATE'S BUSINESS PRACTICES

ISS Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## RESTRICTION ON DISTRIBUTION AND USE OF REPORT

This Verification Report for Climate Bonds Certification including all documentation provided alongside is intended for the use of Encavis AG and the Climate Bonds Standard Board. The present document may be published by Encavis AG, CBI, and ISS Corporate. CBI and ISS Corporate agree to publish the report with the consent of Encavis AG.

## OPINION

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's 2021 Green Bond (DE000A3H21D9) is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements.



MARIJA KRAMER  
ISS Corporate Solutions Business  
Rockville, MD, 19 December 2023

## Disclaimer

Copyright © 2023 Institutional Shareholder Services Inc. ("ISS"). This document and all of the information contained in it is the property of ISS and/or its subsidiaries. The Information may not be reproduced or redisseminated in whole or in part without the prior written permission of ISS. While we exercise due care in compiling this document, we assume no liability with respect to the consequences of relying on this information for investment or other purposes. ISS makes no express or implied warranties or representations with respect to the information.

## About ISS-Corporate

Companies turn to ISS Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/>

For more information on SPO services, please contact: [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com)

### Project team

Project lead	Project support	Project supervision
Poorvi Vedak Associate Vice President Sustainable Finance Research	Kushum Mehra Junior Analyst Sustainable Finance Research	Marie-Bénédicte Beaudoin Associate Director Head of Sustainable Finance Research

## ANNEX

Annex 1: Detailed Findings

Annex 2: Detailed Findings Wind Power (onshore)

## ANNEX 1: DETAILED FINDINGS

### 5. USE OF PROCEEDS

	REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
5.1	Net proceeds allocation to Nominated projects	The full amount of the net proceeds (EUR 20 million) has been allocated to nominated Eligible Assets.	✓
5.2	Conformance with the Bond's documented objectives and requirements of Part B of the CBI Standard	The full amount of the net proceeds has been used to finance the onshore wind energy generation facility, which conforms with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
5.3	Allocation of proceeds within 24 months of issuance of the bond	The full amount of the net proceeds was allocated within 2 months after issuance.	✓
5.4	No double nomination of projects and assets	The Issuer confirms that the nominated assets have not been nominated to other CBI Certified Climate Bonds.	✓
5.5	Share of financing vs refinancing	100% of the proceeds were used for financing.	✓
5.6	Tracking of proceeds	The Issuer confirms that the Net Proceeds are tracked and managed in accordance to the process described in the Green Finance Framework dated July, 2021 and Pre-issuance certification. The fund activities are documented using the 'TIS' payment system and the bookkeeping system "eGecko".	✓
5.7	Size of net proceeds vs investment exposure to nominated projects and assets	The Issuer confirms that the value of the nominated projects exceeds the net proceeds of the issuance.	✓

<b>5.8</b>	Additional Projects and assets	All nominated projects fall within the same sector criteria as in the pre-issuance certification. No additional projects or assets have been added to the nominated list.	✓
------------	--------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---

## 6. PROCESS FOR EVALUATION AND SELECTION OF PROJECTS & ASSETS

REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
<b>6.1</b>	Documented and maintained a decision-making process, including:	The Issuer confirms that the project selection and evaluation process are in accordance to the process mentioned in the Green Finance Framework. Encavis has established a Green Finance Framework Council (EGFF Council) and a selection process to ensure only eligible and appropriate projects and assets are included for nomination and financing by the proceeds.
	A statement on the Climate-related objectives of the Bond	
	Climate-related objectives of the bond in the context of the issuer's strategy	Encavis follows a structured investment process, beginning with the selection from the deal flow, pre-due diligence, extensive due diligence on all relevant aspects (e.g. environmental, ecological, technical, commercial, legal) and finally the voting of management board and approval by supervisory board.
	Issuer's rationale for issuance the bond	
	Process determining that the projects/assets meet the eligibility criteria	The Green Bonds issued by Encavis aim to reduce CO2 emissions by financing wind to actively contribute to climate protection and to fighting climate change.

## 7. MANAGEMENT OF PROCEEDS

REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
7.1 Net proceeds are credited to a sub account and documented	<p>Encavis confirms that the proceeds are managed as described in the pre-issuance certification and Green Finance Framework. The net proceeds of the bonds are managed by Encavis' Treasury Department on a portfolio basis, who verifies that the allocation of the bond's net funds coincides nominally with the disbursements made to the Eligible Green Projects, until the full allocation of funds in accordance with the use of proceeds criteria and evaluation and selection process. All fund activities are documented in the payment system "TIS" as well as in the bank account statements and the bookkeeping system "eGecko".</p>	✓
7.2 Net proceeds are earmarked	<p>Encavis' Corporate Finance and Project Finance department maintains a "deal flow list" which entails information about the date, the costs details of upcoming acquisition deals and how the project will be financed. In this way Encavis ensures the earmarking of funds to nominated projects. In this case the proceeds from the bond have been earmarked from the beginning for a single project.</p>	✓
7.3 Unallocated proceeds	<p>The full amount of the net proceeds was allocated after the issuance. Issuance took place in March and allocation in May.</p>	✓

## 8. REPORTING

REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
8.1	Timing and availability of Update Reports	Encavis confirms to prepare the annual update report until the maturity of the instrument, and it will be made available to holders <sup>1</sup> of the Bond.
8.2	Allocation report, Eligibility Report, Impact Report	Details on both the allocation and impact of the projects financed by this bond are included in the report.
		<p>The allocation reporting details are available in the Allocation &amp; Impact Report.</p> <p>The funds have been 100% invested in the project named "Paltusmäen".</p>
8.3	Allocation Reporting	The objectives of the Green Bond issued by Encavis aims to reduce CO <sub>2</sub> emissions by financing wind to actively contribute to climate protection and to fight climate change. The Issuer includes in the report the amount of proceeds allocated in 2021, project type and name, capacity and location.
8.4	Eligibility Reporting	The Issuer confirms that the eligibility of the nominated projects for financing are determined in accordance with the eligibility criteria referred in the Green Finance Framework.
8.5	Reasons for confidentiality	Public disclosure of the nominated projects and assets is not available on the website as the Bond is not a public instrument. However, the Issuer

<sup>1</sup> If the Update Report cannot be made available to the public, then the Certified Climate Bond cannot be included in the green bond database compiled by Climate Bonds Initiative. This database is used by index providers and other market players and has minimum requirements for public disclosure (<https://www.climatebonds.net/cbi/pub/data/bonds>)

		confirms to provide the disclosure for the Bond holders.	
8.6	Impact Reporting	<p>The impact reporting details will be available in the Allocation &amp; Impact Report.</p> <p>The Issuer has reported on the following impacts:</p> <ul style="list-style-type: none"> <li>▪ The estimated CO<sub>2</sub> avoidance (tCO<sub>2</sub>/a) is calculated based on the IEA emission factor for Finland.</li> </ul> <p>The funds have been invested in a project named "Paltusmäen". It a 21.5 MW wind farm in Finland generating 66,162,754 kWh/year of power and saving 4.800 t/a of CO<sub>2</sub>.</p>	✓
8.7	Public Verifier Reports	The Issuer does not have a Verifier report. The performance measures are available on <a href="https://www.encavis.com/en/about-us/our-plants">https://www.encavis.com/en/about-us/our-plants</a>	○
8.8	Availability of information provided to Verifier	Relevant information has been provided to ISS-Corporate.	✓

## 9. CLIMATE BOND TAXONOMY

REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS	
9.1	Matching of Climate Bond category	The full amount of the net proceeds was allocated to Eligible Assets which fall within the areas included in the Climate Bonds Taxonomy.	✓

## 10. TECHNICAL CRITERIA

REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
10.1 Sector-specific eligibility criteria	The full amount of the net proceeds is allocated to Eligible Assets related to the aforementioned categories and conforms with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓

## ANNEX 2: DETAILED FINDINGS SOLAR POWER

✓	<p><b>The Green Bond Asset complies with the Wind Criteria of the Climate Bonds Initiative.</b></p> <p>The project is eligible for the Climate Bonds Certification.</p>
---	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------