

Second-Party Opinion

Polaris Renewable Energy Inc. Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Polaris Renewable Energy Inc. Green Financing 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, the Green Loan Principles, and with the applicable Technical Screening Criteria of the EU Taxonomy Climate Delegated Act.¹ Sustainalytics considers that investments in the eligible categories are expected to facilitate the clean energy transition in the Americas and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION / SELECTION Polaris' ESG Steering Committee, chaired by a senior officer and comprised of a minimum of two internal ESG specialists, will be responsible for evaluating and selecting projects that are in line with the eligibility criteria. Ultimately, all final decisions will be presented and approved by the Company's board of directors. Polaris' process for conducting individual environmental and social impact assessments is applicable to all allocation decisions under the Framework. Sustainalytics considers this risk management system to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Polaris' Corporate Finance Group is responsible for the management of proceeds based on a portfolio approach, and will track the allocation of proceeds using existing internal systems. Polaris intends to allocate all proceeds within 36 months of issuance. Pending allocation, proceeds will be temporarily invested in cash or cash equivalents in accordance with Polaris' cash management policy. This is in line with market practice.



REPORTING Polaris intends to report on the allocation of proceeds through a specific and separate report on its website on an annual basis until full allocation. Allocation reporting will include details on the amount of proceeds allocated, the balance of unallocated proceeds, a list of outstanding bonds and the share of financing versus refinancing. In addition, Polaris is committed to reporting on relevant impact metrics such as installed renewable energy capacity, renewable energy generation (in MWh) and CO₂ emission reductions. Sustainalytics views Polaris' allocation and impact reporting as aligned with market practice.



Evaluation date August 17, 2022

Issuer Location Toronto, Canada

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	8

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¹ European Commission, "ANNEX to the Commission Delegated Regulation (EU)", at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

Introduction

Polaris Renewable Energy Inc. (“Polaris” or the “Company”) is a publicly listed Canadian company founded in 1984.² The Company is dedicated to the operation, acquisition and development of renewable energy projects in the Americas. As of 2022, Polaris operates one geothermal plant, three run-of-river hydroelectric plants, one solar project and has two solar projects under construction across five Latin American countries.

Polaris has developed the Polaris Renewable Energy Inc. Green Financing Framework dated August 2022 (the “Framework”) under which Polaris and its subsidiaries³ intend to issue green bonds and originate green loans and use the proceeds to finance or refinance, in whole or in part, existing or future projects which are expected to facilitate the clean energy transition in the Americas. The Framework defines eligibility criteria in one green category:

1. Renewable Energy

Polaris engaged Sustainalytics to review the Polaris Renewable Energy Inc. Green Financing Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁴ and the Green Loan Principles 2021 (GLP).⁵ The Framework has been published in a separate document.⁶

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁷ 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 Polaris’ 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. Polaris representatives have confirmed that (1) they understand it is the sole responsibility of Polaris 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 Polaris.

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

² Market Insider, “Polaris Renewable Energy Profile”, at: https://markets.businessinsider.com/stocks/polaris_renewable_energy-stock

³ Polaris commits to ensuring that all issuances by its subsidiaries will be aligned with the criteria defined by the Framework.

⁴ 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/>.

⁵ 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/>

⁶ The location of the Polaris Renewable Energy Inc. Green Financing Framework will be provided by Polaris.

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

standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Polaris is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

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 Polaris has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Polaris Renewable Energy Inc. Green Financing Framework

Sustainalytics is of the opinion that the Polaris Renewable Energy Inc. Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of Polaris' Green Financing Framework:

- Use of Proceeds:
 - The eligible category – Renewable Energy– is aligned with those recognized by the GBP and GLP. Sustainalytics expects the projects to create environmental benefits by facilitating the clean energy transition in the Americas.
 - Polaris has communicated to Sustainalytics that it will define a look-back period of 36 months for the refinancing of all expenditures, which is aligned with market practice.
 - Under the Renewable Energy category, Polaris may finance or refinance new or existing renewable electricity generation facilities, including: (i) onshore wind; (ii) solar photovoltaic (PV); (iii) geothermal; and (iv) hydroelectric power.
 - Sustainalytics considers expenditures related to energy generation from solar PV and wind to be aligned with market practice and with the Technical Screening Criteria (TSC) of the EU Taxonomy Climate Delegated Act for “electricity generation using solar photovoltaic technology” and “electricity generation from wind power”.⁸
 - Geothermal power plants financed under the Framework will be limited to facilities with life-cycle GHG emissions lower than 100 gCO₂e/kWh. Additionally, life-cycle emissions will be calculated according to the Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018 and verified by an independent third party. Sustainalytics considers this activity as aligned with market practice and with the TSC for “generation of electricity from geothermal energy”.
 - Regarding hydroelectric power projects, such facilities will be limited to run-of-river projects with no artificial reservoir or dam. Additionally, Polaris has communicated to Sustainalytics that it will limit expenditures to facilities with a power density greater than 5 W/m². Polaris has confirmed that all new hydropower projects will undergo an environmental and social impact assessment and that no new projects will be undertaken if the assessment has identified negative impacts or associated controversies. Sustainalytics considered this activity as aligned with market practice and with the TSC for “electricity generation from hydropower”.⁹

⁸ European Commission, “ANNEX to the Commission Delegated Regulation (EU)”, at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

⁹ As per the Commission Delegated Regulation (EU) 2021/2139, the electricity generation facility must either: (a) be a run-of-river plant which does not have an artificial reservoir; (b) have a power density above 5 W/m²; (c) have life cycle GHG emissions lower than 100 gCO₂e/kWh, with life cycle GHG emissions calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018, ISO 14064-1:2018 or the G-res tool, with quantified life cycle GHG emissions verified by an independent third party.

- Sustainalytics notes that Polaris may fund development and capital expenditures such as studies, licences, permits, engineering and designs supporting eligible green projects, which Sustainalytics considers as aligned with market practice.
- Project Evaluation and Selection:
 - Polaris has established an ESG Steering Committee (the “Committee”) which will be responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. The Committee is chaired by a senior officer and is comprised of a minimum of two ESG specialists. Ultimately, the final allocation decision will be presented to and approved by Polaris’ board of directors.
 - Polaris will conduct an environmental and social impact assessment of each project that may be financed under the Framework. This process will describe the reduction and mitigation of social and environmental impacts at each stage of the project. For additional details on risk management systems, see Section 2.
 - Based on the established process for project selection and risk management system, Sustainalytics’ considers this process to be in line with market practice.
- Management of Proceeds:
 - Polaris’ Corporate Finance Group is responsible for the management of proceeds based on a portfolio approach, and will track the allocation of proceeds using existing internal systems.
 - Polaris intends to allocate all proceeds within 36 months of issuance. In case of any unallocated proceeds, such proceeds will be temporarily held in accordance with the Company’s cash management policy in cash or cash equivalents.
 - Based on the use of a tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Polaris intends to report on the allocation of proceeds and corresponding impact through a specific and separate report on its website on an annual basis until full allocation.
 - Allocation reporting will include the amount of proceeds allocated, the balance of unallocated proceeds, a list of outstanding bonds, and the share of financing versus refinancing.
 - Impact reporting may include key performance indicators such as the installed renewable energy capacity, renewable energy generation (in MWh), and CO₂ emission reductions.
 - Based on Polaris’ commitment to 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 Polaris Renewable Energy Inc. Green Financing 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 Polaris

Contribution of the Framework to Polaris Renewable Energy Inc.’s sustainability strategy

Sustainalytics is of the opinion that Polaris’ primary business activity, the development and operation of renewable energy generation facilities, promotes positive environmental outcomes. The Company aims to grow the clean energy generation capacity in Latin America, offering an alternative to fossil fuel generated energy. In 2021, facilities operated by the Company generated nearly 22% and 3% of the renewable energy produced in Nicaragua and Peru respectively.¹⁰ Furthermore, Polaris estimates that the electricity generated at its renewable energy facilities in Nicaragua and Peru avoids 310,760 tCO₂e of GHG emissions annually.¹¹

As part of its efforts to mitigate climate change, Polaris aims to minimize its project-related scope 1 and 2 GHG emissions. To enable this, Polaris has installed or will be installing on-site renewable energy capacity to reduce its dependence on the national grids of the countries where it operates, which are largely powered by fossil fuels. To reduce scope 2 GHG emissions from its geothermal facility in Nicaragua, Polaris commissioned a 72 kWp solar PV facility, accompanied by 150 kWh of battery storage in 2021. The Company estimates that this investment will reduce the electricity procured from the grid by up to 70% and reduce the Company’s carbon footprint by approximately 55 tonnes of CO₂ emissions per year. Furthermore, the

¹⁰ Polaris, “Environmental, Social and Governance Annual Report 2021” at: <https://polarisinfrastructure.com/wp-content/uploads/2022/02/ESG-POLARIS-2021-Annual-Report-1.pdf>

¹¹ Ibid.

Company has commissioned the construction of a 10 MW binary plant at its geothermal plant in Nicaragua, which will be completed in 2022. The installed binary unit will incorporate a bottoming cycle into the existing single-flash geothermal plant and is expected to increase the energy efficiency of the facility and reduce its GHG emissions.¹²

Sustainalytics acknowledges Polaris' intention to use the proceeds from bonds issued under the Framework to finance or refinance renewable energy generation projects and is of the opinion that the Framework is aligned with the Company's ESG objectives. Sustainalytics further notes that Polaris has established a board-level HR & ESG Committee to oversee the implementation and achievement of the Company's ESG objectives and efforts to reduce its operational emissions. Nevertheless, Sustainalytics encourages Polaris to establish quantified time-bound targets and to publicly disclose 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 bonds and loans issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is also aware that such eligible projects could lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include issues involving occupational health and safety, waste management, community relations and biodiversity issues associated with renewable energy projects.

Sustainalytics is of the opinion that Polaris is able to manage or mitigate potential risks associated with its renewable energy projects located in Nicaragua, Peru and the Dominican Republic through the implementation of the following:

- In accordance with the IFC Performance Standards and ISO 14001:2015, Polaris has implemented an environmental and social management system for its renewable energy projects in Nicaragua, Peru, Panama and the Dominican Republic.^{13,14} The management system outlines the Company's environmental, social and safety policy, and details Polaris' approach to addressing common environmental, occupational health and safety, labour and community risks and impacts.
- To minimize occupational health and safety risks, Polaris has developed a safety training model for its workers. The Company conducts and facilitates internal and external safety training for its employees, which includes danger identification, risk evaluation and preventive action education. Furthermore, Polaris reports annually on its Occupational Health and Safety Administration incident rate, which measures the frequency of recordable injuries and illnesses. Polaris' occupational health and safety procedures follow the guidelines of the ISO 45001 standard.^{15,16}
- To ensure the proper storage, treatment and disposal of waste generated at its facilities, Polaris adheres to its Waste Management Plan. The plan outlines procedures and processes to manage both non-hazardous and hazardous waste. Regarding non-hazardous waste management, the Company has implemented a recycling program and employees are educated on correct waste classification and handling practices. Hazardous waste generated at the Company's sites are treated and disposed of by specialized waste management companies approved by the regional environmental ministries.¹⁷
- Regarding management of community relations, Polaris' subsidiaries in Nicaragua, Peru and the Dominican Republic have developed community relations plans for their geothermal, hydroelectric and solar power projects respectively.
 - The plan developed by Polaris Energy Nicaragua SA (PENSA) provides the Company guidance on identifying and engaging with its stakeholders, including vulnerable groups and the wider community in San Jacinto, Nicaragua. The plans details steps to recognize the main community needs, disseminate relevant information and apply collaborative consultation processes. The

¹² Ibid.

¹³ IFC, "Performance Standards", at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

¹⁴ The ISO 14001:2015 standard specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. More details at: <https://www.iso.org/standard/60857.html#:~:text=ISO%2014001%3A2015%20specifies%20the,to%20enhance%20its%20environmental%20performance>

¹⁵ Polaris, "Environmental, Social and Governance Annual Report 2021" at: <https://polarisinfrastructure.com/wp-content/uploads/2022/02/ESG-POLARIS-2021-Annual-Report-1.pdf>

¹⁶ The ISO 45001 standard specifies the requirements for an occupational health and safety management system, and gives guidance for its use. More details at: <https://www.iso.org/standard/63787.html>

- San Jacinto geothermal power project follows the guidelines of the IFC, World Bank and Equator Principles EP4.
- The Company's subsidiary in Peru, Polaris Energy Peru, established a community relations office at its site in Maravillas to ensure that communities influenced by the construction and operation of projects can engage with the Company and address their concerns.
 - Polaris' subsidiary in the Dominican Republic, Emerald Solar Energy SRL, developed its Stakeholder Relations Plan, which guides its approach to the disclosure of information to influenced communities and informs its complaints and claims redressal policy. As part of the plan, Emerald Solar Energy SRL has set up a consultation programme with stakeholders on project management issues.
- To manage and mitigate risks associated with biodiversity protection and conservation, PENSA and Solar Energy SRL adhere to their respective Biodiversity Management Plans. The plans adhere to the guidelines of the IFC Performance Standards and are in accordance with relevant regional environmental laws.¹⁸
 - PENSA monitors the different species of flora and fauna where it operates and records their conservation status. The biodiversity at its San Jacinto site is managed via techniques such as replantation, disease management, pruning, intimidation and the relocation of threatened species. Additionally, the site's vegetation and animal life are monitored on a biannual basis through surveys, camera traps and tours.
 - At the Company's solar power site in the Dominican Republic, biodiversity is managed through the implementation of several initiatives, including establishing guidelines and programmes for the restoration of degraded habitats as a result of the construction of the facility, designing connectivity corridors between critical habitats, and the establishment of conservation hubs such as seed banks, botanical gardens and nurseries.

Sustainalytics is of the opinion that the Company is well positioned to manage or mitigate potential environmental and social risks possibly associated with its facilities. However, Sustainalytics notes that Polaris does not have corporate-level policies or procedures in place to manage and mitigate environmental and social risks associated with the future development of eligible projects. The Company has communicated to Sustainalytics that it is currently developing a corporate-level environmental and social risk management system to further ensure appropriate mitigation of potential negative environmental and social outcomes related to eligible projects.

Section 3: Impact of Use of Proceeds

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

Importance of renewable energy in the transition to a low-carbon economy in Latin America and the Caribbean

The Latin America and the Caribbean (LAC) region contributed to approximately 10% of global GHG emissions in 2018, with the energy sector contributing 46% of the GHG emissions in the region.^{19,20} All LAC countries have ratified the Paris Agreement, and are thus committed to achieving net zero CO₂ emissions between 2050 and 2070.²¹

LAC countries have one of the cleanest power sectors globally: renewables accounted for approximately 58% of the total installed capacity in 2018, with hydropower being the largest source (46%).²² In addition to its large installed hydropower capacity, the region has immense wind and solar power potential to cover its current and future electricity needs and is projected to achieve 80% of its electricity generation from renewable

¹⁸ IFC, "Performance standard 6" at: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps6

¹⁹ Wellenstein, A. & Hickey, V., "10 key points on climate change impacts, opportunities and priorities for Latin America and the Caribbean", at: <https://blogs.worldbank.org/latinamerica/10-key-points-climate-change-impacts-opportunities-and-priorities-latin-america-and#:~:text=%231%3A%20LAC%20contributes%20about%2010,1.33%25%20of%20global%20emissions%20each>

²⁰ Economic Commission for Latin America and the Caribbean, "economics of climate change in Latin America and the Caribbean: A graphic view", at: https://repositorio.cepal.org/bitstream/handle/11362/43889/1/S1800475_en.pdf

²¹ Inter-American Development Bank, "Getting to Net-Zero Emissions: Lessons from Latin America and the Caribbean", at:

https://publications.iadb.org/publications/english/document/Getting_to_Net-Zero_Emissions_Lessons_from_Latin_America_and_the_Caribbean.pdf

²² UNEP, "Zero Carbon Latin America and the Caribbean: The opportunity, cost and benefits of the coupled decarbonization of the power and transport sectors in Latin America and the Caribbean", at: <https://wedocs.unep.org/handle/20.500.11822/34532>

sources by 2030. Despite this, the Inter-American Development Bank's Deep Decarbonization Pathways in Latin America and the Caribbean estimates that an increase in electricity generation of between 210% and 560% is required to electrify the region's transportation, buildings, services and industry sectors by 2050.²³ To meet the region's projected energy demand whilst limiting GHG emissions, an estimated USD 1 trillion investment in clean energy is necessary by 2040, of which USD 600 billion is required by 2030.²⁴ Therefore, expanding clean electricity generation in the region is crucial to meet the expected increased electricity demand while reducing GHG emissions to achieve the goals of the Paris Agreement.

Based on the above, Sustainalytics expects that Polaris' investment in renewable energy projects in Latin America and the Caribbean will contribute to the decarbonization of the region's electricity mix and to the achievement of its net zero targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds and loans issued and obtained under the Polaris Renewable Energy Inc. Green Financing Framework are expected to advance the following SDGs and targets:

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

Polaris has developed the Polaris Renewable Energy Inc. Green Financing Framework under which it intends to use to issue bonds and obtain loans, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to facilitate the clean energy transition in the Americas.

The Polaris Renewable Energy Inc. Green Financing Framework outlines a process to track, allocate and manage proceeds, and makes commitments for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Company and expects the use of proceeds to contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Polaris has adequate measures to identify, manage and mitigate environmental and social risks associated with its facilities, but notes that the Company is in the process of developing a corporate-level environmental and social risk management system which is expected to be implemented for future eligible projects across all regions.

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

²³ Inter-American Development Bank, "Getting to Net-Zero Emissions: Lessons from Latin America and the Caribbean", at: https://publications.iadb.org/publications/english/document/Getting_to_Net-Zero_Emissions_Lessons_from_Latin_America_and_the_Caribbean.pdf

²⁴ Ibid.

Appendix

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

Section 1. Basic Information

Issuer name:	Polaris Renewable Energy Inc.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Polaris Renewable Energy Inc. Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 17, 2022
Publication date of review publication:	
Original publication date [please fill this out for updates]:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise 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 (please specify): | |

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, the Green Loan Principles, and with the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act.²⁵ Sustainalytics considers that investments in the eligible category is expected to facilitate the clean energy transition in the Americas and advance the UN Sustainable Development Goals, 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 (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Polaris Renewable Energy Inc.'s ESG Steering Committee, chaired by a senior officer and comprised of minimum two internal ESG specialists will be responsible for evaluating and selecting projects that are in line with the eligibility criteria. Ultimately, all final decisions will be presented and approved by the Board. Polaris Renewable Energy Inc.'s process for conducting individual environmental and social impact assessments is applicable to all allocation decisions under the Framework. Sustainalytics considers this risk management system to be adequate and the project selection process to be in line with market practice.

²⁵ European Commission, "ANNEX to the Commission Delegated Regulation (EU)", at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

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 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 (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Polaris Renewable Energy Inc.'s Corporate Finance Group is responsible for the management of proceeds based on a portfolio approach, and will track the allocation of proceeds using existing internal systems. Polaris intends to allocate all proceeds within 36 months of issuance. Pending allocation, proceeds will be temporarily invested in cash or cash equivalents in accordance with its cash management policy. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

Polaris Renewable Energy Inc. intends to report on the allocation of proceeds on its website through a specific and separate report on an annual basis until full allocation. Allocation reporting will include the amount of proceeds allocated, the balance of unallocated proceeds, a list of outstanding bonds, and the share of financing versus refinancing. In addition, Polaris Renewable Energy Inc. is committed to reporting on relevant impact metrics such as the installed capacity, renewable energy generation (MWh), and CO₂ emission reductions. Sustainalytics views Polaris' allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): the balance of unallocated proceeds, a list of outstanding bonds, and the share of financing versus refinancing. | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): installed capacity and renewable energy generation (MWh). |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
|--|---|

- Information published in ad hoc documents
- Other (please specify): Standalone reporting published on the Company's website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Compliance and allocation of proceeds will be verified by external auditors as a part of the annual reporting.

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:

- Consultancy (incl. 2nd opinion) Certification
- Verification / Audit Rating
- Other (*please specify*):

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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