

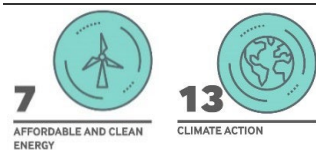
# ContourGlobal Limited

## Second-Party Opinion – Green Bond Framework



Pillar	Alignment	Key Drivers
Use of Proceeds	Good	<ul style="list-style-type: none"> <li>Sustainable Fitch views ContourGlobal Limited's use of proceeds (UoP) to be aligned with the ICMA Green Bond Principles.</li> <li>We view the combination of UoP categories to have an overall excellent environmental impact; they focus on renewable and low-carbon energy, energy efficiency, energy storage and pollution prevention.</li> <li>Electricity generation from natural gas is included as a UoP, subject to meeting the substantial contribution criteria (SCC) of science-based taxonomies. We therefore view it as a transitional and decarbonising UoP that is eligible for inclusion in a green bond based on ICMA guidance.</li> <li>Coal decommissioning is also included as a UoP, subject to criteria such as decommissioning plants early and replacing capacity with clean energy, in line with the criteria of science-based taxonomies and international recommendations around decommissioning. We therefore view it as eligible for inclusion in a green bond, based on ICMA guidance.</li> </ul>
Use of Proceeds – Other Information	Good	<ul style="list-style-type: none"> <li>The framework includes a three-year lookback period for capex and opex investments, and no lookback period for refinancing capex. The ratio of new project investments versus refinancing is specified at 50%.</li> <li>It has robust exclusion criteria, minimising the risk of investment in controversial projects.</li> </ul>
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> <li>The framework has a robust process for selecting and evaluating projects, involving a green financing committee and a multilayered control structure.</li> </ul>
Management of Proceeds	Good	<ul style="list-style-type: none"> <li>Proceeds are managed and tracked internally, which aligns with general market practice.</li> <li>Having removal power in case of ineligibility also positively affects our Second Party Opinion (SPO) outcome.</li> </ul>
Reporting and Transparency	Excellent	<ul style="list-style-type: none"> <li>The issuer committed to annual allocation and impact reporting until full allocation, on a project-by-project basis where feasible.</li> <li>The allocation and impact reporting metrics are relevant, measurable, and will be externally verified.</li> </ul>

### Relevant UN Sustainable Development Goals



#### SPO Summary

Framework Type	Green
Alignment	✓ Green Bond Principles 2021 (ICMA)
Date assigned	20 January 2025
See Appendix B for definitions.	

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## Use of Proceeds Summary – ICMA Categories

<b>Green</b>	Renewable energy Energy efficiency Green buildings Pollution prevention and control
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Source: ContourGlobal green bond framework (January 2025)

## Framework Highlights

We consider transactions under this green bond framework to be aligned with the ICMA Green Bond Principles. The UoP categories under ContourGlobal’s green bond framework from January 2025 include green as well as decarbonising and transitional projects, which, in combination, can deliver significant positive environmental impact.

ContourGlobal established its green bond framework as part of its strategy to achieve its target for net zero by 2040. The issuer estimates that increasing its pipeline of renewable assets by up to an additional 4GW will involve deploying more than USD4 billion between 2025 and 2030. Green bonds issued by ContourGlobal will support the transformation of its energy asset portfolio to low-carbon generation, the decommissioning of emissions-intensive assets, and its overall decarbonisation strategy.

ContourGlobal’s green bond framework includes four UoP categories: renewable energy and low-carbon energy production, energy storage, energy efficiency, and pollution prevention and control.

We consider the UoP categories to include a combination of green projects with decarbonising and transitional projects. Green projects directly contribute to additional positive environmental impact, such as renewable energy capacity or GHG emissions reductions through eg energy-efficiency improvements. Decarbonising and transitional projects either avoid GHG emissions of highly polluting assets compared to business as usual (such as early decommissioning of polluting assets) or are transitional in international and science-based contexts and regional taxonomies (such as replacement of the most polluting assets to achieve relative emissions avoidance).

We consider the eligible projects under the energy storage and energy efficiency UoP categories to be green. The energy efficiency UoP includes cogeneration from renewables as well as energy-efficiency improvements for buildings and energy use. The energy storage UoP includes electricity storage and hydrogen storage.

We also view certain eligible projects under the renewable energy and low-carbon energy production UoP category to be green, including solar, wind and hydropower projects as well as bioenergy and hydrogen projects that are subject to clear science-based criteria as specified in the issuer’s framework.

Other eligible projects under the renewable energy and low-carbon energy production UoP category are decarbonising and transitional projects, including production of electricity from natural gas that is aligned with the science-based SCC of the EU taxonomy. High-efficiency natural gas plants serve a role as peaking units that provide energy stability and security to the grid; they can deliver GHG emissions savings when replacing more polluting sources. However, we consider natural gas as a transitional fuel that does not align with a low-carbon society in the long term.

The ICMA Guidance Handbook 2023 confirms that energy-efficiency projects associated with fossil fuel production can be eligible for inclusion in a green bond where the environmental sustainability objectives can be clearly communicated, and the potential environmental and social risks associated with the project are identified. Projects must also be aligned with the core recommendations of the ICMA Green Bond Principles, which specify that all eligible green projects provide clear environmental benefits that can be assessed and quantified. The ICMA identifies alignment with science-based taxonomies as a way to demonstrate such impact.

The EU taxonomy recognises that certain activities related to fossil gaseous fuels can contribute to climate change mitigation if compliant with stringent SCC. The issuer included all of the SCC

of the EU taxonomy in its eligibility criteria, which we consider sufficient to align with the requirements of the ICMA for inclusion in a green bond.

Our view of this UoP as aligned with the ICMA Green Bond Principles is contingent on any financed projects achieving the emissions thresholds and complying with the other SCC. The framework's eligibility criteria exclude any such project that does not comply with the criteria, and the issuer's impact reporting includes metrics on emissions reductions from generation assets and decommissioned assets, which provides assurance that projects will comply.

We consider the eligible projects under the pollution prevention and control UoP category to be decarbonising. This category includes early decommissioning of coal and heavy fuel-oil power plants. Decommissioning projects are not contributing additional positive environmental impact, but support the transition away from polluting assets, and therefore have a decarbonising nature.

The ICMA Guidance Handbook 2023 recommends that issuers reference existing standards and taxonomies to define what projects qualify as green. The issuer includes specific conditions for projects to be eligible that mirror those of international taxonomies, such as version 3 of the Association of Southeast Asian Nations (ASEAN) taxonomy for sustainable finance and the Singapore-Asia taxonomy for sustainable finance. These criteria are also referenced in the draft guidelines for financing a credible coal transition from the Climate Bonds Initiative (CBI), Climate Policy Initiative (CPI) and RMI.

Therefore, UoP with eligibility criteria that mirror the criteria of relevant taxonomies and the CBI guidance could have positive environmental impact. We consider the inclusion of these criteria to provide a good level of assurance that the environmental impact of the decommissioning projects will be positive, mainly resulting from avoided GHG emissions from the early retired assets and the commitment to replace the decommissioned capacity with clean energy. The issuer also plans to undertake remediation and regeneration of the natural environment in the areas where the facilities are located.

The issuer intends to align the financed projects with the criteria of the EU taxonomy or other science-based taxonomies where applicable. We view including the SCC for EU taxonomy-eligible assets as eligibility criteria as best practice. The pollution prevention and control UoP category includes the decommissioning of coal assets, which is not eligible under the EU taxonomy. Specific eligibility criteria for this category were established in the framework that align with other science-based taxonomies, such as the ASEAN taxonomy, as well as with market initiatives to develop sustainability criteria for decommissioning activities, such as the draft guidelines from the CBI, CPI and RMI on financing a credible coal transition.

Source: Sustainable Fitch, ContourGlobal green bond framework (January 2025); CBI, CPI and RMI draft guidelines for financing a credible coal transition 2022; RMI website

## Entity Highlights

ContourGlobal is a power generation company founded in 2005, with operations spanning 20 countries across Europe, Africa, Asia, and North and South America. The company manages around 5.5GW of installed capacity through 130 operating assets, including a mix of thermal and renewable energy sources such as solar, onshore wind, batteries and hydro assets. KKR Infrastructure acquired 100% of ContourGlobal in December 2022, taking the company private.

The issuer's current strategy focuses on adapting to a low-carbon context, with an aim to transition its portfolio to predominantly renewable-power generation. ContourGlobal's approach is based on decarbonisation, optimisation of existing assets, growth through business development and acquisitions, and partnerships in emerging technologies such as green hydrogen and carbon capture. We have conducted a Transition Assessment for ContourGlobal with an outcome of 'Substantial Transition=', which has been published separately.

ContourGlobal established climate objectives that include reducing carbon intensity by 40% by 2030, compared to 2022 levels; reducing Scope 3 emissions by 15% by 2030, compared to 2022 levels; and achieving net-zero Scopes 1 and 2 emissions by 2040.

The issuer's total CO<sub>2</sub> emissions in 2024 were 9.87 million tonnes of CO<sub>2</sub> (based on the actual emissions from January to September, and estimations for October to December). Scopes 1 and 2 emissions were 8.24 million tonnes of CO<sub>2</sub> (down from 11.94 million tCO<sub>2</sub> in 2023), equal to 83% of the company's overall emissions; Scope 2 represented less than 1% of the total Scopes 1 and 2 emissions. Scope 3 emissions were 1.63 million tCO<sub>2</sub> (down from 1.83 million tCO<sub>2</sub> in 2023), equal to 17% of overall emissions.

ContourGlobal identified key areas to achieve its targets: phase-out coal by 2027; progressively phase-out liquid fuel with a target to phase-out at least heavy fuel oil by 2037 at the latest; accelerate the development of renewable energy with a target to increase renewable capacity from the current 1.1GW to 4GW by 2030; increasing battery storage; and investing in new technology to enhance energy efficiency of existing assets.

As of the date of the SPO, ContourGlobal is repurposing 808MW of interconnected capacity at the Maritsa East 3 TPP coal-fired power plant to facilitate solar PV and battery energy-storage systems (BESS). The company is currently repurposing two of the four production units at the plant, which will result in the addition of 404MW of renewable capacity by 2027.

The remaining two production units are currently in commercial operation, with plans to remain running during the winter months starting January 2025, on request by the Bulgarian government to prevent shortness of supply and blackouts in the region. ContourGlobal remains committed to fully phase out coal in the near term, in line with its 2027 target.

The issuer also plans to divest or convert its final remaining coal asset, Sochagota, by 2027 at the latest. Emissions from coal represent more than half of the issuer's emissions. ContourGlobal is also working on transitioning its liquid fuel assets, such as the conversion of the Cap de Biches asset in Senegal to gas by 2027.

As of September 2024, about 46% of ContourGlobal's total installed generation capacity came from fossil gas or liquid fuel assets, with an additional 19% coming from coal. Renewables accounted for 19% of installed capacity, with high-efficiency cogeneration accounting for 14%. ContourGlobal's plans for renewables expansion involve quadrupling its renewable energy capacity from 1.1GW as of September 2024, to 4.7GW by 2030, with a focus on onshore wind, PV and BESS. It also aims to increase battery-storage capacity in core markets to support renewable generation during peak hours and is exploring emerging technologies such as green hydrogen and carbon capture.

The company has already undertaken renewable energy projects, including a 250MW concentrated solar power facility in southwest Spain and the repowering of three out of four wind farms in Austria, which increased capacity from 75.6MW to 87.2MW. The issuer intends to use green bonds and loans to finance these initiatives and views its green bond framework as a step towards achieving its net-zero goal for 2040.

Source: Sustainable Fitch, ContourGlobal green bond framework (January 2025)



Use of Proceeds – Eligible Projects

Alignment: Good

Company Material

Sustainable Fitch's View

Renewable and low-carbon energy production: solar power

- This UoP includes development, construction, installation and maintenance of solar plants.
- The UoP category is mapped in the framework against the following relevant EU taxonomy activities:
  - activity 4.1 (electricity generation using solar photovoltaic technology); and
  - activity 4.2 (electricity generation using concentrated solar power technology).

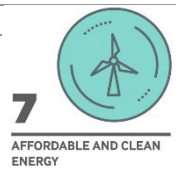
- We view this UoP, including both solar PV and concentrated solar power technologies, to have an excellent environmental impact. Solar assets have a clear contribution to climate change mitigation and support progress toward a low-carbon society, since the assets produce zero emissions from generation and contribute to the share of renewable energy in the global energy mix.
- The power sector is one of the largest contributors to global GHG emissions, with fossil fuels representing 81% of the total energy supply in 2022, according to the International Energy Agency (IEA). Therefore, it is crucial to increase the share of renewable energy in the global energy mix to achieve the targets of the Paris Agreement.
- The International Renewable Energy Agency estimates that the global share of renewable energy must increase to 77% by 2050 from 16% in 2020 to remain on a pathway to 1.5°C of warming from pre-industrial levels. A higher share of renewable energy can have additional benefits beyond reducing emissions, such as promoting energy security and reducing air pollution.
- We therefore most positively view the impact of zero-carbon energy sources, as well as low-carbon energy sources that can demonstrate alignment with the criteria of science-based, internationally used taxonomies such as the EU taxonomy.
- Under the EU taxonomy, solar PV and concentrated solar power technologies are both derogated from performing in line with specific life-cycle emissions criteria, and can therefore be aligned with the SCC of the EU taxonomy.
- We view this UoP to be aligned with the renewable energy category of the ICMA Green Bond Principles.



Renewable and low-carbon energy production: wind power

- This UoP includes development, construction, installation and maintenance of wind facilities (onshore and offshore projects including floating wind turbines).
- The UoP category is mapped in the framework against the following relevant EU taxonomy activity: activity 4.3 (electricity generation from wind power).

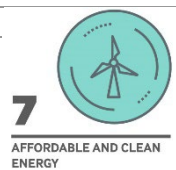
- We view this UoP, including both onshore and offshore wind projects, to have an excellent environmental impact. Wind assets have a clear contribution to climate change mitigation and support progress toward a low-carbon society, since the assets produce zero emissions from generation and contribute to the share of renewable energy in the global energy mix.
- However, it is important for offshore wind operators to undertake impact assessments and actions to reduce any harm to seabed integrity and marine ecosystems. Hence, it is positive from an ESG perspective that the framework describes clear processes for managing environmental risks through both due diligence and environmental impact assessments.
- Under the EU taxonomy, wind power technologies are derogated from performing in line with specific life-cycle emissions criteria and can therefore be aligned with the SCC of the taxonomy.
- We view this UoP to be aligned with the renewable energy category of the ICMA Green Bond Principles.



Renewable and low-carbon energy production: hydropower

- This UoP includes development, construction, installation and maintenance of hydroelectricity production facilities that comply with one of the following criteria:
  - the electricity generation facility is a run-of-river plant and does not have an artificial reservoir;
  - the power density of the electricity generation facility is above 5W/sqm;

- We view this UoP, including the various eligible hydropower technologies, to have an excellent environmental impact by contributing to the share of renewable energy in the global energy mix.
- In general, we consider hydropower to have a potentially strong contribution to climate change mitigation, as it is a renewable energy source with significant capacity to address both supply and intermittence challenges associated with

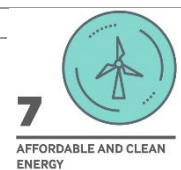




<ul style="list-style-type: none"> <li>- the life-cycle GHG emissions are lower than 100gCO<sub>2</sub>e/kWh; or</li> <li>- a different, recognised international standard, including the CBI, UN Framework Convention on Climate Change's (UNFCCC) Clean Development Mechanism and the International Finance Corporation (IFC) reference standards for hydro projects.</li> <li>• The UoP category is mapped in the framework against the following relevant EU taxonomy activity: activity 4.5 (electricity generation from hydropower).</li> </ul>	<p>other renewables. However, the positive environmental impact of hydropower depends on the asset's life-cycle emissions and the reduction of potentially negative impacts on water and ecosystems.</p> <ul style="list-style-type: none"> <li>• Certain hydropower facilities, such as run-of-river facilities without large reservoirs, are likely to have lower emissions than eg impoundment facilities, as a significant portion of GHG emissions from hydropower are methane emissions produced from algae in reservoirs. Construction of facilities is another significant contribution to life-cycle emissions, where large-scale hydropower (greater than 100MW) has more risk of producing significant emissions.</li> <li>• Pumped-storage hydropower has the potential to deliver additional environmental benefits because of its storage capacity, which contributes to base-load power provision. Pumped storage hydropower can therefore replace fossil-fuelled facilities that are otherwise required to maintain stable energy supplies during peak demand. However, pumped storage facilities may also produce significant emissions during construction and through algae growth.</li> <li>• Hydropower facilities are subject to SCC under the EU taxonomy to demonstrate contribution to climate change mitigation. The SCC include that the facility is a run-of-river plant and does not have an artificial reservoir; that the power density of the electricity generation facility is above 5W/sqm; or that the life-cycle GHG emissions are lower than 100gCO<sub>2</sub>e/kWh. It is positive from an ESG perspective that these SCC are fully integrated in the issuer's framework, which led to our view of the UoP category being 'Excellent'.</li> <li>• The company included the option to fund projects that are not aligned with the EU taxonomy SCC but are instead aligned with other international standards, such as the CBI, UNFCCC Clean Development Mechanism and IFC reference standards for hydro projects. We consider integrating standards with specific performance thresholds such as GHG emissions thresholds to be best practice.</li> <li>• The CBI taxonomy mirrors the SCC of the EU taxonomy, and adds that operators must perform an assessment, based on recognised best practice guidelines, of the environmental and social risks and incorporate measures to address these risks. For pumped storage, the CBI specifies that facilities should not be charged with carbon-intensive energy, unless the facility is contributing to a grid that has at least a 20% share of intermittent renewables.</li> <li>• We consider funding projects in line with the IFC reference standards to be in line with market practice, as they include relevant guidance, but the standards do not adopt specific thresholds. We consider projects funded under the UNFCCC Clean Development Mechanism to be an additional indication of positive impact from the hydropower projects, as the Clean Development Mechanism is focused on investments in emissions reduction projects.</li> <li>• We view this UoP to be aligned with the renewable energy category of the ICMA Green Bond Principles.</li> </ul>
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**Renewable and low-carbon energy production: bioenergy**

<ul style="list-style-type: none"> <li>• This UoP includes development, construction, installation and maintenance of facilities and related infrastructure that produce electricity exclusively from biomass, biogas or bioliquids, and excluding electricity generation from blending of renewable fuels with biogas or biofuels, in line with the SCC for climate change mitigation of the EU taxonomy.</li> <li>• The SCC include requirements for sourcing of sustainable raw material and sustainable sourcing process, including transport and land use, and avoidance of conflicting utilisation of the resources.</li> </ul>	<ul style="list-style-type: none"> <li>• We consider this UoP, including a wide range of bioenergy generation technologies, to have good environmental impact. Bioenergy has the potential to contribute significant GHG emissions savings when replacing non-renewable generation sources.</li> <li>• We consider the sustainability of bioenergy to be driven by the underlying feedstock used for manufacturing the biofuel or biomass. We consider second-generation or residual feedstock to be the most positive, as the use of residuals means it is able to deliver higher GHG emissions savings by</li> </ul>
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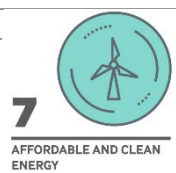




<ul style="list-style-type: none"> <li>• The production of electricity using primary forestry feedstock is not eligible under this framework.</li> <li>• The GHG emission savings from the use of biomass are at least 80% in relation to fossil fuels with comparable use.</li> <li>• The UoP category is mapped in the framework against the following relevant EU taxonomy activities:             <ul style="list-style-type: none"> <li>– activity 4.8 (electricity generation from bioenergy);</li> <li>– activity 4.20 (cogeneration of heat, cool and power from bioenergy);</li> <li>– activity 4.24 (production of heat and cool from bioenergy);</li> <li>– activity 4.23 (production of heat and cool from renewable non-fossil gaseous and liquid fuels); and</li> <li>– activity 5.7 (anaerobic digestion of biowaste).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• using materials that would have otherwise been discarded or decomposed without capturing the energy value.</li> <li>• In comparison, we view first-generation or virgin feedstock that has been grown for the purpose of manufacturing biofuels as less positive, due both to its generally higher GHG emissions profiles and to the increased risk of direct and indirect land use change.</li> <li>• The company specifically excluded primary forest feedstock from its eligible projects, which we regard as a good practice considering the lack of scientific consensus on the net sustainability benefits of biomass from primary forestry feedstock.</li> <li>• The EU taxonomy requires that electricity generation from bioenergy achieves GHG emissions savings of at least 80% in comparison to a fossil fuel comparator, meaning life-cycle emissions must be below 132gCO<sub>2</sub>e/kWh. No specific projects were identified at the pre-issuance stage, though the issuer included the 80% reduction threshold in its eligibility criteria, which provides assurance that projects will align with this threshold.</li> <li>• The taxonomy also requires alignment with specific land-use criteria of the Renewable Energy Directive II. These land-use criteria require countries where harvesting occurs in to have laws in place that protect wetlands, peatlands, soil quality, biodiversity and the forest's natural capacity to regenerate. Countries of harvesting are also required to be parties to the Paris Agreement, have submitted nationally determined contributions and have laws regarding the conservation of carbon stocks.</li> <li>• The company explicitly states that its bioenergy projects will align with the taxonomy SCC, which provides assurance that only taxonomy-aligned projects will be financed.</li> <li>• It is environmentally positive that blending of renewable fuels with non-renewable fuels is excluded, as the positive environmental impact and GHG savings are significantly reduced if blended. Blending of biofuels with fossil fuels is also excluded under the EU taxonomy.</li> <li>• We view this UoP to be aligned with the renewable energy category of the ICMA Green Bond Principles.</li> </ul>
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**Renewable and low-carbon energy production: low-carbon hydrogen**

<ul style="list-style-type: none"> <li>• This UoP includes investments in development, construction, installation and maintenance of low-carbon hydrogen production capacity, including investments in production processes aiming at promoting electrolysis efficiency with low-carbon energy sources.</li> <li>• The definition of low-carbon energy sources means that the activity complies with the life-cycle GHG emissions savings requirement of 73.4% for hydrogen, resulting in emissions below 3tCO<sub>2</sub>e per tonne of hydrogen (tH<sub>2</sub>), and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94gCO<sub>2</sub>e/MJ in analogy to the approach set out in Article 25 (point 2) of, and Annex V to, Directive (EU) 2018/2001.</li> <li>• For the avoidance of doubt, low-carbon hydrogen includes green hydrogen, ie hydrogen produced via electrolysis from renewable energy, as well as blue hydrogen, ie hydrogen produced through steam reforming or autothermal reforming with carbon capture and storage, where the carbon footprint of these projects is below the threshold value of the framework.</li> <li>• Such carbon capture and storage activities are expected to follow the SCC for climate change mitigation of activities 5.11 (transport of CO<sub>2</sub>) and 5.12 (underground permanent geological storage of CO<sub>2</sub>) of the EU taxonomy.</li> </ul>	<ul style="list-style-type: none"> <li>• We consider this UoP of low-carbon hydrogen production, namely electrolysis using low-carbon energy sources and blue hydrogen (steam reforming with carbon capture and storage), as having an excellent environmental impact, as it enables a less carbon-intensive feedstock for use across various industries, thereby facilitating climate change mitigation.</li> <li>• Hydrogen plays a versatile role in various industries, serving as a feedstock in chemical manufacturing and refineries, as part of a gas mixture in steel production, and in heat and power generation. The production of clean hydrogen has a significant potential to reduce the carbon footprint of multiple sectors, including power generation, transportation, heating and power for buildings, energy and industrial processes.</li> <li>• However, hydrogen's contribution to climate change mitigation varies depending on the environmental impact of its production methods and the sources used in manufacturing.</li> <li>• Under the EU taxonomy, hydrogen production is an eligible activity subject to different SCC based on the type of hydrogen produced. Meeting these standards requires hydrogen to have life-cycle emissions below 3tCO<sub>2</sub>e/tH<sub>2</sub>, while hydrogen-based synthetic fuels should achieve a 70% life-cycle GHG emissions saving relative to fossil fuels. These</li> </ul>
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<ul style="list-style-type: none"> <li>The UoP category is mapped in the framework against the following relevant EU taxonomy activity: activity 3.10 (manufacture of hydrogen).</li> </ul>	<p>emissions calculations must align with relevant EU directives or ISO standards and be verified by a third party.</p> <ul style="list-style-type: none"> <li>This UoP is subject to additional criteria when the emitted CO<sub>2</sub> is captured for storage and transportation purposes, as defined under the EU taxonomy's activities for underground storage and transport of CO<sub>2</sub>.</li> <li>ContourGlobal's framework defines this UoP category as dedicated to hydrogen production from low-carbon energy sources and further specifies a life-cycle GHG emissions threshold of below 3tCO<sub>2</sub>e/tH<sub>2</sub> for hydrogen and 94gCO<sub>2</sub>e/MJ for hydrogen synthetic fuels, which aligns with the EU taxonomy SCC under activity 3.10.</li> <li>Furthermore, the framework's eligibility criteria require compliance with the SCC for transport of CO<sub>2</sub> and underground permanent geological storage of CO<sub>2</sub> for projects involving carbon capture and storage. This is also in line with the SCC of the EU taxonomy for the manufacture of hydrogen.</li> <li>We view this UoP to be aligned with the renewable energy category of the ICMA Green Bond Principles.</li> </ul>
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**Renewable and low-carbon energy production: production of electricity from gas**

<ul style="list-style-type: none"> <li>This UoP includes combined cycle gas turbine and open cycle gas turbine facilities subject to the facilities either operating at life-cycle emissions lower than 100gCO<sub>2</sub>e/kWh with a declining emissions trajectory; or alternatively having direct GHG emissions below 270gCO<sub>2</sub>e/kWh or annual direct GHG emissions below an average of 550kgCO<sub>2</sub>e per kilowatt of the facility's capacity over 20 years, subject to the following requirements.             <ul style="list-style-type: none"> <li>The facility replaces an existing high-emitting electricity generation activity that uses solid or liquid fossil fuels.</li> <li>The newly installed production capacity does not exceed the capacity of the replaced facility by more than 15%.</li> <li>Replacement leads to a reduction in GHG emissions of at least 55% over the lifetime of the newly installed production capacity.</li> <li>The power to be replaced cannot be generated from renewable energy sources, based on a comparative assessment with the most cost-effective and technically feasible renewable alternative for the same capacity identified; the result of this comparative assessment is published and is subject to a stakeholder consultation.</li> <li>The facility is designed and constructed to use renewable and/or low-carbon gaseous fuels, and the switch to full use of renewable and/or low-carbon gaseous fuels takes place by 31 December 2035, with a commitment and verifiable plan approved by the management body of the undertaking.</li> <li>Where the activity takes place in the territory of an EU member state in which coal is used for energy generation, that member state has committed to phase-out the use of energy generation from coal and has reported this in its integrated national energy and climate plan referred to in article 3 of Regulation (EU) 2018/1999 of the European Parliament and of the Council or in another instrument.</li> <li>Compliance with the criteria referred to above (GHG emissions threshold) will be verified by an independent third party yearly. While there are eligible projects, every year an external party will:                 <ul style="list-style-type: none"> <li>certify the level of direct GHG emissions of the plant;</li> <li>where applicable, assess whether annual direct GHG emissions of the activity are on a credible trajectory</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We consider this UoP to be able to deliver decarbonising benefits on a transitional basis.</li> <li>Projects relating to high-efficiency natural gas that comply with strict GHG emissions thresholds can be decarbonising and transitional, particularly when replacing more high-emissions sources, and will support the issuer's sustainability strategy of progressively phasing-out coal and liquid fossil fuels from its generation portfolio.</li> <li>For example, the issuer's strategy includes transitioning certain assets, such as the Cap de Biches asset in Senegal, from liquid fossil fuel generation to natural gas generation, which will reduce the asset's emissions profile significantly.</li> <li>However, our view remains that the combustion of fossil fuels, including natural gas, is a major contributor to GHG emissions and climate change. Natural gas is linked to high methane emissions, which are a more potent GHG than CO<sub>2</sub>, thus exacerbating climate change; it can potentially also cause significant harm to other environmental objectives, including air and water pollution.</li> <li>Hence, we take a more conservative view of electricity generation from natural gas, despite its eligibility under the EU taxonomy based on its sustained status as a transitional fuel.</li> <li>The ICMA Guidance Handbook 2023 confirms that energy-efficiency projects associated with fossil fuel production can be eligible for inclusion in a green bond where the environmental sustainability objectives can be clearly communicated, and the potential environmental and social risks associated with the project are identified.</li> <li>Projects must also be aligned with the core recommendations of the ICMA Green Bond Principles, which specify that all eligible green projects must provide clear environmental benefits that can be assessed and quantified. The projects should provide a short- or long-term environmental improvement, reflecting the local context.</li> <li>The ICMA recommends that alignment with science-based taxonomies is a way to demonstrate such impact. The EU taxonomy recognises that certain activities related to fossil gaseous fuels can contribute to climate change mitigation if compliant with stringent SCC.</li> <li>The EU taxonomy's SCC for natural gas-fired power generation includes that financed facilities have life-cycle</li> </ul>
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<p>to comply with the average threshold over 20 years as referred to above; and</p> <ul style="list-style-type: none"> <li>◆ assess whether the activity is on a credible trajectory to switch to full use of renewable and/or low-carbon gaseous fuels by 31 December 2035. <ul style="list-style-type: none"> <li>– Facilities that incorporate carbon capture and storage technology must be aligned with the 100gCO<sub>2</sub>e/kWh emissions threshold.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Although the construction and operation of facilities that produce electricity from gas combustion is an eligible category of the framework, the majority of ContourGlobal's green proceeds will be allocated to renewable sources, energy efficiency and energy storage, as indicated in the other eligible categories of the framework.</li> <li>• ContourGlobal would expect to allocate 20% or less of the green proceeds to natural gas, aligned with its capex and growth strategy (see page 5 of the green bond framework for more details).</li> <li>• The UoP category is mapped in the framework against the following relevant EU taxonomy activity: activity 4.29 (electricity generation from fossil gaseous fuels)</li> </ul>	<p>GHG emissions of less than 100gCO<sub>2</sub>e/kWh, calculated based on project-specific data.</p> <ul style="list-style-type: none"> <li>• For new plants with construction permits by 2030, there is an alternative pathway requiring emissions of the output energy to be below 270gCO<sub>2</sub>e/kWh for both combined cycle gas turbine plants and cogeneration. These plants can also comply with an alternative average annual emissions threshold of 550kgCO<sub>2</sub>/kW over 20 years.</li> <li>• For this second pathway, the financed facilities need to comply with additional criteria, including demonstrating that the power cannot be generated by renewables, the facility is designed for conversion to renewable or low-carbon gaseous fuels, the facility replaces a more polluting source, and requirements for emissions reduction of 55% over the lifetime of the asset.</li> <li>• The company included all of the SCC of the EU taxonomy in its eligibility criteria, so we consider this sufficient to align with the ICMA requirements for inclusion in a green bond. Our view that these eligible projects are aligned with the criteria for a green bond relies on any financed projects achieving the emissions threshold and complying with the other SCC.</li> <li>• The framework's eligibility criteria exclude any projects that do not comply with the criteria, and the issuer's impact reporting includes metrics on emissions reductions from generation assets and decommissioned assets, which provides assurance that projects will comply.</li> <li>• Based on the ICMA recommendations for energy efficiency of projects linked to energy production from natural gas and based on the recommendations of the ICMA Guidance Handbook 2023, we consider the UoP aligned with the energy efficiency category of the ICMA Green Bond Principles.</li> </ul>
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**Energy storage: storage of electricity**

<ul style="list-style-type: none"> <li>• This UoP includes development, construction, installation and maintenance of energy storage facilities, including batteries and pumped hydropower storage (aiming at promoting the development of renewable energy and/or replacing peak electricity produced by less environmentally friendly units).</li> <li>• The UoP category is mapped in the framework against the following relevant EU taxonomy activity: activity 4.10 (storage of electricity).</li> </ul>	<ul style="list-style-type: none"> <li>• We consider this UoP, including electricity storage, to have a positive environmental impact as it facilitates the stable provision of clean energy by helping address intermittency issues. This is a key challenge in the transition to being able to rely fully on renewable electricity use. Scaling up storage solutions helps reduce dependency on flexible generation sources during peak load hours, which currently is mostly dependent on fossil fuel generation.</li> <li>• Electricity storage from pumped storage hydropower and battery storage are both eligible under the EU taxonomy, and are not subject to specific criteria, other than that batteries should be recycled at the end of life. We therefore can consider these activities largely aligned with the SCC.</li> <li>• This UoP may also include other types of storage facilities that may have more complicated sustainability profiles, such as chemical storage. Our view of all types of electricity storage remains positive, but best practice is to specify all types of storage technologies that will be eligible under the framework.</li> <li>• We view this UoP to be aligned with the energy efficiency category of the ICMA Green Bond Principles.</li> </ul>
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**Energy storage: storage of hydrogen**

<ul style="list-style-type: none"> <li>• This UoP includes investments in construction and operation of facilities that store hydrogen.</li> <li>• The eligible projects can be one of the following activities: <ul style="list-style-type: none"> <li>– construction of hydrogen storage facilities, where the infrastructure is used to store low-carbon hydrogen (green hydrogen and blue hydrogen according to the "manufacture of hydrogen" eligibility criteria);</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• We consider this UoP, including facilities for storage of hydrogen, to have an excellent environmental impact as it facilitates the provision of clean energy by allowing flexible supply of surplus hydrogen, thereby reducing dependence on carbon-intensive sources.</li> <li>• Hydrogen storage is crucial in the hydrogen value chain, enabling its use across various applications where it could have the potential to balance intermittent renewable sources.</li> </ul>
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- conversion of existing underground gas storage facilities into dedicated hydrogen storage; and
- operation of low-carbon hydrogen storage facilities where the hydrogen stored in the facility meets the following criteria:
  - ◆ the activity complies with the life-cycle GHG emissions savings requirement of 73.4% for hydrogen resulting in life-cycle GHG emissions lower than 3tCO<sub>2</sub>e/tH<sub>2</sub> and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94gCO<sub>2</sub>e/MJ in analogy to the approach set out in Article 25 (point 2) of, and Annex V to, Directive (EU) 2018/2001;
  - ◆ life-cycle GHG emissions savings are calculated using the methodology referred to in Article 28 (point 5) of Directive (EU) 2018/2001 or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018;
  - ◆ quantified life-cycle GHG emission savings are verified in line with Article 30 of Directive (EU) 2018/2001 where applicable, or by an independent third party; and
  - ◆ where the CO<sub>2</sub> that would otherwise be emitted from the manufacturing process is captured for the purpose of underground storage, the CO<sub>2</sub> is transported and stored underground, in accordance with the technical screening criteria set out in sections 5.11 and 5.12, respectively, of this Annex.
- The UoP category is mapped in the framework against the following relevant EU taxonomy activity: activity 4.12 (storage of hydrogen)
- Under the EU taxonomy, the storage of hydrogen makes a substantial contribution to climate change mitigation if it consists of the construction of new gas storage or conversion of existing gas storage dedicated to hydrogen. If it consists of the operation of storage, the hydrogen stored is required to be produced in line with the criteria defined for EU taxonomy activity 3.10, which is life-cycle emissions below 3tCO<sub>2</sub>e/tH<sub>2</sub>.
- ContourGlobal's framework includes construction of new hydrogen storage facilities, conversion of existing underground gas storage facilities to dedicated hydrogen storage, and operation of low-carbon hydrogen storage facilities. These activities directly correspond to the EU taxonomy's criteria for activity 4.12.
- Crucially, the framework specifies that the construction of new hydrogen storage facilities is to only store low-carbon hydrogen, where the carbon footprint is below the threshold specified in the framework's "manufacture of hydrogen" criteria.
- By focusing on storage infrastructure for low-carbon hydrogen that meets stringent emissions criteria, this UoP facilitates the use of hydrogen, in line with the EU taxonomy's objectives for climate change mitigation.
- The framework also includes operation of hydrogen storage facilities. It allows hydrogen storage that meets the SCC of the manufacture of hydrogen category under the EU taxonomy's climate change mitigation objective, namely including a life-cycle emissions threshold of below 3tCO<sub>2</sub>e/tH<sub>2</sub>.
- Therefore, we view the eligibility criteria of this UoP as aligned with the SCC for the storage of hydrogen activity under the EU taxonomy.
- We view this UoP to be aligned with the energy efficiency category of the ICMA Green Bond Principles.

**Energy efficiency: reduction of energy consumption per unit of output**

- This UoP includes:
  - cogeneration with a minimum of 50% usage of renewable power (from solar energy, renewable non-gaseous and liquid fuels, and bioenergy), with life-cycle GHG emissions from the combined generation of heat, cool and power from renewable gaseous and liquid fuels lower than 100gCO<sub>2</sub>e/kWh of energy output from the combined generation, and in line with the SCC for climate change mitigation of the EU taxonomy; and
  - systems for energy management (smart grids, smart metering, and demand side management systems).
- The UoP category is mapped in the framework against the following relevant EU taxonomy activities:
  - activity 4.17 (cogeneration of heat, cool and power from solar energy);
  - activity 4.18 (cogeneration of heat, cool and power from geothermal energy);
  - activity 4.19 (cogeneration of heat, cool and power from renewable non-fossil gaseous and liquid fuels); and
  - activity 4.2 (cogeneration of heat, cool and power from bioenergy).
- We consider this UoP, including cogeneration from solar energy, geothermal energy renewable fuels and bioenergy with life-cycle GHG emissions lower than 100gCO<sub>2</sub>e/kWh of energy output from the combined generation, to have a good environmental impact.
- We consider cogeneration of electricity and heat to be environmentally positive, as cogeneration systems capture and use heat that would otherwise be wasted in conventional power generation, significantly increasing the overall energy efficiency of the process.
- Cogeneration of heat and cool from solar energy is eligible under the EU taxonomy, and aligned with the SCC without having to demonstrate alignment with specific life-cycle GHG emissions thresholds.
- For cogeneration of heat and cool from geothermal energy, the SCC require that the life-cycle GHG emissions from the generation are lower than 100gCO<sub>2</sub>/kWh of energy output from the combined generation. The framework includes this threshold in the eligibility criteria, so the projects can be aligned with the SCC of the EU taxonomy.
- The 100gCO<sub>2</sub>/kWh of energy output is also a threshold in the EU taxonomy for cogeneration of heat, cool and power from renewable non-fossil gaseous fuel, and it is positive from an ESG perspective that projects will comply.
- Additional SCC apply for cogeneration of heat, cool and power from renewable non-fossil gaseous fuel; for example, included carbon capture solutions need to meet additional taxonomy criteria, and it must have a monitoring system for methane leakage. The company has not included these SCC in its eligibility criteria, so we cannot confirm full alignment.





- The EU taxonomy also includes additional criteria for cogeneration of heat, cool and power from bioenergy. These include complying with the land-use criteria as specified in the bioenergy UoP commentary.
- In addition, the threshold for bioenergy generation to be aligned with the SCC requires the GHG emission savings from the use of biomass in cogeneration installations to be at least 80% in comparison to a fossil fuel comparator that is specified in the EU Renewable Energy Directive (EU) 2018/2001.
- Projects under this category are therefore not fully aligned with the EU taxonomy SCC, but the integration of the emissions threshold for all cogeneration projects is a good indication that the projects deliver low-carbon heat through cogeneration; we therefore still regard them as environmentally positive.
- We view this UoP to be aligned with the energy efficiency category of the ICMA Green Bond Principles.

**Energy efficiency: optimisation of buildings' and plants' efficiency**

- This UoP includes:
  - major renovation or restructuring of existing buildings and plants demonstrating a reduction of at least 30% of primary energy demand post-refurbishment (for buildings and plants);
  - efficient products or appliances, including insulation retrofitting; energy-efficient doors and windows; LED roll-outs; heating, ventilation and air conditioning systems' renovation and improvement; and excluding fossil-fuel based heating systems;
  - instruments and devices for measuring, regulating and controlling energy performance of buildings, including zoned or smart thermostats systems; roll-out of motion detectors; solar shading or solar control façade; and roofing elements; and
  - on-site renewable energy technologies (eg solar panels; heat pumps; wind turbines; thermal or electric storage units; and heat exchangers or recovery systems).
- The UoP category is mapped in the framework against the following relevant EU taxonomy activities:
  - activity 7.2 (renovation of existing buildings);
  - activity 7.3 (installation, maintenance and repair of energy efficiency equipment); and
  - activity 7.5 (installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy).

- We consider the UoP, including a range of energy-efficiency solutions, to have good environmental impact, as increasing energy efficiency and reducing energy consumption decreases energy demand, lessening the likelihood that fossil fuels are used to generate energy to meet demand.
- The EU taxonomy SCC considers the installation, maintenance and repair of energy-efficiency equipment, including individual measures such as insulation equipment, energy-efficient windows, energy-efficient doors, energy-efficient light sources, or heating, ventilation and air-conditioning and water heating systems to be eligible green projects.
- To be aligned with the SCC, these measures are required to comply with applicable national requirements, and where applicable, need to be rated in the highest two populated classes of energy efficiency in accordance with the energy labelling framework regulation in the EU.
- The company has not specified that only activities meeting this threshold will be funded; specifying this would be best practice. However, our view of the energy-efficiency solutions remains positive, even when not fully aligned with the SCC.
- We view this UoP to be aligned with the energy efficiency category of the ICMA Green Bond Principles.



**Pollution prevention and control: decommissioning costs associated with coal and heavy fuel oil legacy plants**

- This UoP includes investments for decommissioning, depollution and transition costs of our existing coal and liquid fuel assets. Investments in decommissioning are conditioned to the following criteria.
  - The coal or liquid fuel asset is being retired or decommissioned early, where the definition of early retirement considers the following criteria:
    - ◆ the operational duration of the asset is limited to 35 years;
    - ◆ financial close of the asset is before 2022;
    - ◆ phase-out of eligible assets shall occur before 2030, aligned with a 1.5° outcome, based on the IEA net-zero pathway; and
    - ◆ the fair value of eligible asset is positive at the time of closure.
  - The decommissioned assets are being partially or entirely replaced with renewable sources.

- We consider early coal decommissioning under stringent conditions to be a decarbonising UoP that contributes to climate change mitigation.
- Decommissioning projects do not produce additional positive environmental impact, but do support the transition from polluting assets, and therefore have a decarbonising nature.
- The ICMA Guidance Handbook 2023 indicates that issuers can reference existing standards and taxonomies to define what projects qualify as green. The issuer includes specific conditions for projects to be eligible that mirror those of international taxonomies such as the ASEAN taxonomy and the Singapore-Asia taxonomy. These criteria are also referenced in draft guidelines from the CBI, CPI and RMI on financing a credible coal transition.
- Therefore, we consider the inclusion of these criteria in ContourGlobal's framework to provide a good level of assurance that the environmental impact of the decommissioning projects will be positive.





<ul style="list-style-type: none"><li>- There is a commitment from ContourGlobal to phase out coal assets and not investing in any type of coal-related activities including both assets and power purchase agreements (PPAs).</li><li>- For green financial instruments, no green proceeds will be used for the operation or expansion of coal or heavy fuel oil assets. Additionally, investments not aligned with the eligibility criteria described above will not be financed by green financial instruments.</li><li>• Examples of projects are listed in this SPO in the “UoP – Examples of Projects” table.</li><li>• Other eligible items include revegetation of degraded areas, minimisation of dust and improvement of water discharges and water treatment systems surrounding the decommissioned assets.</li></ul>	<ul style="list-style-type: none"><li>• This impact mainly results from avoided GHG emissions from early retirement, the commitment to replace decommissioned capacity with clean energy, and remediation and regeneration of the natural environment in the areas where the facilities are located. We comment on the company’s alignment with each relevant criterion below.</li><li>• We consider a key positive aspect of eligible decommissioning projects to be the early decommissioning of assets. It is crucial that the company included a clear definition of what constitutes early retirement, which also aligns with the criteria of taxonomies, namely in the following conditions.<ul style="list-style-type: none"><li>- The framework specifies that the operational duration of eligible assets is limited to 35 years. The company confirms that the retirement of both its remaining coal-fired power stations, Maritsa East 3 TPP and Sochagota, will qualify as early.<ul style="list-style-type: none"><li>◆ The Maritsa East 3 TPP coal-powered plant was commissioned in 1981, but underwent complete refurbishment between 2003 and 2009. This means the asset lifespan was extended to 2033 (as measured in 2017), so the planned retirement of Maritsa East 3 TPP by 2027 would qualify as early.</li><li>◆ The Sochagota power plant began operations in 1999, and has an expected remaining life of operational life of 21 years, based on its financial projections to have a total operational life of 46 years. The company indicates the estimate is in line with independent assessments of fossil power plants, determining an average operational life of over 50 years (eg per Sargent and Laundy, 2024). This means the 2027 retirement of Sochagota would qualify as early.</li></ul></li><li>- The financial close of eligible assets is specified to occur before December 2022.</li><li>- The framework confirms that phase-out of eligible assets is in line with a 1.5°C outcome, based on the IEA net-zero pathway, which specifies that coal phase out should occur before 2030 in advanced economies and by 2040 in other countries. The company committed to phase out its final coal-fired power plant by 2027, which is aligned with the IEA pathway. The company is also converting its only heavy fuel oil plant, Cap de Biches, located in Senegal, to natural gas by 2027 at the latest.</li><li>- The framework specifies that the fair value of eligible assets will be positive at the time of closure. In our engagement with the issuer, it confirmed that its eligible assets will comply with this criterion.</li></ul></li><li>• In addition to early decommissioning, other key aspects to enable positive environmental impact from decommissioning projects are described below.</li><li>• A key enabler of additional positive impact is the commitment to replace, either partially or entirely, the installed coal capacity with renewable capacity, which is confirmed in the framework. International taxonomies indicate that this can be realised either:<ul style="list-style-type: none"><li>- by replacing the coal plant’s generation with a portfolio of clean resources that provide equivalent electricity services within the electricity system; or</li><li>- by demonstrating long-term emissions savings through sector level decarbonisation commitments and plans.</li></ul></li><li>• The framework includes details on the repurposing of 808MW of interconnected capacity at the Maritsa East 3 TPP plant to facilitate electricity production through solar PV systems and BESS. ContourGlobal estimates that the</li></ul>
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repurposing of the first two units will add 404MW of additional renewable energy capacity by 2027, as an example project.

- Following interaction with the company, we understand that, due to an emergency power shortage in Bulgaria for the winter of 2024, the two remaining units at Maritsa East 3 TPP will remain in operation to support a stable power supply throughout the winter. The company confirmed that it remains committed to phasing out coal in the near term and in line with its 2027 target, which would still be early retirement.
- The company confirmed that expenses from its green bonds will be solely allocated to decommissioning activities, in line with the criteria in its framework, and that no funds from its green bonds will be allocated to the continuation of operation of the final two Maritsa East 3 TPP units.
- Additionally, there must be system-wide commitments to not include new coal, either through assets, PPAs or imports. We consider the issuer's commitment to replace capacity, either partially or entirely, to be sufficient to comply with the criteria.
- Additionally, an important layer of assurance from a sustainability perspective is the entity-level commitment to not invest in new coal, either through assets or PPAs. ContourGlobal confirmed that its commitment to phase-out coal includes both assets and PPAs.
- In terms of measuring impact, evidence of positive absolute emissions savings over the expected lifetime of the plant compared to the case without it will be key. The company's framework confirms that this will be demonstrated through relevant impact indicators in the green bond impact reporting.
- In addition to its decarbonising impact, we also consider projects to restore and revegetate areas surrounding decommissioned facilities to have positive environmental impact.
- Based on the integration of the specific conditions for coal decommissioning, which aligns with international taxonomies and frameworks, we view this UoP to be aligned with the pollution prevention and control category of the ICMA Green Bond Principles.

Source: ContourGlobal green bond framework (January 2025)

Source: Sustainable Fitch



**Use of Proceeds – Other Information**

**Alignment: Good**

**Company Material**

**Sustainable Fitch's View**

- For eligible green projects:
  - an amount equal to the proceeds of ContourGlobal’s green finance instruments will be earmarked to the financing or refinancing, in whole or in part, of existing or future eligible green projects as specified in the eligible project categories;
  - all eligible green projects must provide environmental benefits that contribute to a low-carbon energy transition, increasing renewable capacity, improving energy efficiency and access to electricity, or ensuring stability to generation systems; and
  - each of the eligible categories are mapped to the relevant UN Sustainable Development Goals and EU environmental objectives they contribute to.
  - in addition, the technical eligibility criteria of the eligible green projects are consistent, where relevant, possible and on a best-effort basis, with the EU taxonomy criteria and the delegated acts on climate change mitigation and adaptation adopted in June 2021.
- Eligible types of investments include the following.
  - Capex and selected opex (such as maintenance costs that either increase the lifetime or the value of the assets) of tangible assets meeting the eligibility technical criteria described in the UoP section of the framework.
  - Equity investments for the acquisition of a controlling stake in “pure-players”, defined as companies having at least 90% of revenue or 90% of the balance sheet derived from eligible project categories described in the UoP section of the framework. In case of joint control, only ContourGlobal’s share in the acquisition will be taken into account for allocation purposes.
  - Decommissioning, depollution and transition costs of the issuer’s existing coal and liquid fuel assets to the extent that they are directly attributable in putting the land back to its original state or transition the assets to renewables or gas assets.
- ContourGlobal reserves the right to use proceeds of green financing instruments to refinance existing green financing instruments, in line with the ICMA Green Bond Principles recommendation on buy-back of green bonds. When engaging in such refinancing operations, the company aims to earmark at least 50% of proceeds to new investments in eligible green projects.
- The purpose of this process is preventing the creation of a lock-in effect on existing eligible green projects and guaranteeing environmental additionality. Furthermore, any eligible green project reaching the end of its lifetime or that is decommissioned will no longer be eligible.
- The proceeds of each green finance instrument will be used to finance eligible green projects occurring post-issuance of each financing instrument and/or refinance disbursements in eligible green projects subject to disbursements where:
  - new capex not previously allocated to a green financing instrument shall qualify within a three-year period prior to the date of issuance or agreement of any green finance instrument;
  - opex shall qualify within a three-year period prior to the date of issuance or agreement of any green finance instrument; and
  - capex previously allocated to a green financing instrument being refinanced with a new green financing instrument shall qualify without a specific lookback period.
- In addition, the issuer will ensure that any external funding to an eligible green project will be deducted from the allocation to green financing instruments.

- It is a strong positive aspect of the framework that the eligibility criteria are detailed and clearly described, with specific sustainability performance thresholds where relevant.
- The framework confirms that funds can be allocated either to new projects or refinancing, but limits refinancing to 50% of the proceeds. We consider the specification of the refinancing versus new project financing ratio to provide good transparency. The transparency and 50% threshold are an improvement compared to general market practice; however, best practice would be to allocate funds to at least a majority of new projects, which have more additionality in terms of environmental impact.
- The company set a threshold for equity investments to be a pure player if at least 90% of revenue or 90% of the balance sheet are derived from any of the eligible project categories, which we consider in line with market best practice if the remaining 10% is subject to the exclusions in the framework.
- The lookback period at three years for new capex and opex is in line with market practice and current market standards. Our view is that best practice would be to limit the lookback period to one year, as shorter lookback periods can be linked to stronger additionality from an environmental impact perspective.
- It is positive from an ESG perspective that the company specified clear exclusion criteria, as this provides a good level of assurance that funds are earmarked for eligible projects and will not be allocated to company activities that could have negative environmental impact.
- We view the additional commitments relating to the UoP to be aligned with the requirements of the ICMA Green Bond Principles.

## Use of Proceeds – Other Information

## Alignment: Good

### Company Material

### Sustainable Fitch's View

- A set of exclusion criteria have been established, preventing any projects included in the following list from being earmarked as eligible green projects.
  - Projects related to acquisition, development, operation and maintenance of new or existing fossil fuel-based electricity generation capacity or heating systems (including, but not limited to, coal, oil or natural gas-powered assets). For the sake of clarity, this exclusion is not applicable in the case of cogeneration assets meeting the technical eligibility criteria, or of combined cycle gas turbine and open cycle gas turbine assets meeting the technical eligibility criteria.
  - Electricity from bioenergy using primary forestry resources as a feedstock.
  - Projects related to industrial and non-conventional waste (eg chemicals, nuclear and toxic waste).
  - Projects, analysed on a case-by-case basis, generating irreversible negative impacts on traditional surrounding communities, ecosystems, human rights and labour rights.

Source: ContourGlobal green bond framework (January 2025)

Source: Sustainable Fitch

## Evaluation and Selection

## Alignment: Excellent

### Company Material

### Sustainable Fitch's View

- When a green project is likely to benefit from a green financing instrument, the finance department or sustainability department can propose it as an eligible green project.
  - The finance and sustainability departments review the compliance of selected green projects with the technical eligibility criteria before their validation by the green financing committee.
  - The process for the evaluation and selection of eligible projects uses internal expertise and includes assessment on whether the project:
    - meets ContourGlobal's integrated business strategy of driving renewable energy generation growth, and substantially contributes to the environmental objective of reducing direct GHG emissions of global operations, contributing to the company's stated ambition of achieving net zero by 2040;
    - considers the principles of a just transition, including environmental protection and consideration of affected communities;
    - meets the issuer's internal standards, including its sustainability principles, covering health and safety, environment, social performance, human rights, labour rights, anti-corruption and business ethics; and complies with applicable local regulations; and
    - meets the UoP requirements detailed in the issuer's green bond framework.
  - A cross-functional green financing committee, a subset of the investment committee, will review, monitor and approve all eligible green projects that meet the core criteria set forth in the framework.
  - The green financing committee will be chaired by the CEO, and include the global head of sustainability, the chief financial officer and executive members of the issuer's growth and operations functions, which are the most senior executive management group of ContourGlobal.
  - Final project selection for investment will be directed to the board of directors for final decision, in accordance with ContourGlobal's existing investment committee process.
  - The green financing committee is expected to meet on an ad hoc basis, as much as required, and it will:
    - validate the management of environmental and social risk of the projects, as described in the framework;
- The issuer clearly outlined its process for evaluation and selection of eligible projects. The procedural steps are clearly described and include all key components to align with market best practice.
  - We consider the process to include relevant steps from an environmental perspective, both in referring to the technical eligibility criteria and also in referencing the company's overall sustainability strategy, internal standards and the principles of a just transition.
  - It is positive from an ESG perspective that a specific committee is set up to review, monitor and approve projects, and also that the final decision is delegated to the board of directors. We consider the multi-layered process to provide an additional layer of accountability in the evaluation and selection process.
  - It is further positive from an ESG perspective to see cross-departmental participation on the green finance committee, including participants with specific sustainability expertise.
  - Another positive aspect of the process is that the evaluation of environmental and social risks is integrated in the process, including project due diligence and environmental and social impact assessments conducted on a project-by-project basis.
  - We view the commitments relating to the process for evaluation and selection to be aligned with the requirements of the ICMA Green Bond Principles.

<b>Evaluation and Selection</b>	<b>Alignment: Excellent</b>
<b>Company Material</b>	<b>Sustainable Fitch's View</b>
<ul style="list-style-type: none"> <li>– validate that the due diligence and risk analysis have been conducted in an ethical way (in particular, for political acceptability, health and safety risks, and environmental risk analysis, among others) and analyse the mitigants;</li> <li>– validate and oversee the compliance of selected eligible green projects with the technical eligibility criteria;</li> <li>– exclude projects that no longer comply with the eligibility criteria, or have been postponed, cancelled, divested or subject to a material ESG controversy, and replacing them as soon as reasonably practicable;</li> <li>– validate the financial needs and amounts to be funded;</li> <li>– validate the proceeds allocation;</li> <li>– validate the annual reporting to investors; and</li> <li>– review the framework to reflect any change with regards to the issuer's sustainability strategy and initiatives, and any change in market standards and criteria selection.</li> </ul> <ul style="list-style-type: none"> <li>• Management of environmental and social risks:           <ul style="list-style-type: none"> <li>– projects must not inadvertently cause long-term ecological damage in ecosystems and its ecological functions;</li> <li>– projects must not have adverse social and community impacts, for example, on access to essential services such as water, healthcare, and education;</li> <li>– the security and safety of communities should be ensured, addressing risks such as conflict, violence, and intimidation; and all eligible green projects should be implemented in a manner that respects the cultural traditions and rights of any potentially affected communities;</li> <li>– project due diligence and environmental and social impact assessments should be conducted for all potential projects and investments being financed with green bonds; and</li> <li>– the main impacts identified during the selection and evaluation of the projects will be disclosed in the impact report.</li> </ul> </li> </ul>	<p>Source: Sustainable Fitch</p>
<p>Source: ContourGlobal green bond framework (January 2025)</p>	<p>Source: Sustainable Fitch</p>

<b>Management of Proceeds</b>	<b>Alignment: Good</b>
<b>Company Material</b>	<b>Sustainable Fitch's View</b>
<ul style="list-style-type: none"> <li>• The net proceeds from each green bond issuance will be deposited to general accounts and an amount equal to the net proceeds will be earmarked for allocation to the eligible green projects as selected by ContourGlobal's green financing committee.</li> <li>• The committee will be responsible for the allocation of proceeds to the eligible green projects, evaluated and selected in line with what has been described in the process for project evaluation and selection.</li> <li>• For costs already disbursed, no separate management of proceeds is required. Accounting records of the financial resources already invested in eligible green projects will be externally audited by a third party. For future project costs, proceeds will be managed through a tracking process established by the green financing committee to ensure the proceeds' traceability.</li> <li>• The allocation process will be overseen by the chair of the green financing committee. All relevant information regarding the issuance of green bonds and the eligible green projects financed or refinanced will be monitored and maintained in the company's internal accounting systems.</li> <li>• The issuer is committed to allocating the proceeds of a given green bond issuance within five years after the issuance date of each green bond.</li> <li>• If a material issue linked to ESG factors arises after the proceeds' allocation to a specific eligible project, the issuer commits to replacing the project as soon as feasible, within two years, as indicated in the</li> </ul>	<ul style="list-style-type: none"> <li>• We consider allocation to the general company account, with virtual earmarking to green projects, to be in line with standard market practice. Market best practice for managing proceeds involves segregating the funds from normal treasury accounts through an SPV or ring-fenced sub-account, as segregation of proceeds raised from green bonds prevents commingling and provides enhanced assurance that funds will be used to bring about positive environmental impact throughout the instrument's term.</li> <li>• Managing unallocated proceeds in line with the company's general accounting policy meets standard market practice.</li> <li>• It is positive from an ESG perspective that the issuer monitors the proceeds and removes assets that no longer comply with the eligibility criteria set out in the green bond framework. This provides assurance to investors that proceeds will continue to generate positive environmental impact throughout the life of the bond.</li> <li>• The accounting records will be externally audited, providing an extra level of assurance.</li> <li>• We view the commitments relating to the management of proceeds to be aligned with the requirements of the ICMA Green Bond Principles.</li> </ul>

Management of Proceeds	Alignment: Good
Company Material	Sustainable Fitch's View
<p>process for project evaluation and selection section of the framework. The analysis of negative material impacts will occur on a best-effort basis, considering the environmental and social assessment of projects the issuer undertakes.</p>	
Source: ContourGlobal green bond framework (January 2025)	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	Sustainable Fitch's View
<ul style="list-style-type: none"> <li>For all issuances under this framework, ContourGlobal intends to produce an allocation report as well as an impact report annually until the full allocation of the green bond proceeds, in line with the ICMA Harmonised Framework for Impact Reporting.</li> <li>The company will publish the allocation report on its website within 12 months of issuance and then annually until the full allocation of the proceeds of the relevant green bond.</li> <li>The allocation report will include: <ul style="list-style-type: none"> <li>the amount of proceeds allocated to eligible green projects financed or refinanced during the preceding three years, and the list of eligible green bond projects (subject to confidentiality disclosures);</li> <li>the aggregated amount of allocation of net proceeds to eligible green projects for each of the eligible categories;</li> <li>allocation of proceeds by country and region;</li> <li>the balance of unallocated proceeds invested in cash and/or cash equivalents (whenever applicable); and</li> <li>description of temporarily unallocated proceeds (share and type of financial instruments).</li> </ul> </li> <li>The company will publish an impact report on its website on an annual basis. The impact report will provide information on the environmental outcomes of the eligible green projects.</li> <li>The impact report is expected to include specific impact indicators. The framework lists specific indicators for each UoP category; key indicators include: <ul style="list-style-type: none"> <li>installed capacity, including capacity of renewable energy plant(s) financed (MW);</li> <li>annual GHG emissions avoided (tCO<sub>2e</sub>);</li> <li>annual renewable energy generation (MWh or GWh);</li> <li>capacity of energy storage financed or refinanced (MW);</li> <li>share of financing versus refinancing;</li> <li>main results of the environmental impact assessment and environmental and social controversies (if applicable); and</li> </ul> </li> <li>The environmental benefits reporting indicators will be the pro-rated share (%) of the issuer's own investment in the specific eligible green projects part that has been financed specifically with the green bond proceeds.</li> <li>The impact KPIs will be disclosed at the project level whenever possible.</li> <li>Methodologies applied to impact indicators will be outlined in the impact report.</li> <li>Annual reporting will also be subject to external review until the net proceeds are fully allocated to the eligible projects. The environmental benefits' indicators will be disclosed by project. The annual assurance report will also be posted on ContourGlobal's website.</li> </ul>	<ul style="list-style-type: none"> <li>The company committed to report on the allocation and impact of the allocated proceeds on an annual basis until full allocation, which we consider in line with standard market practice.</li> <li>The additional commitments around allocation reporting, such as disclosing the refinancing to new project ratio, the aggregated amount allocated and the balance of unallocated proceeds, are all in line with standard market practice.</li> <li>The framework indicates that allocation and impact reporting will be presented on a project-by-project basis, and for each individual issuance, which we view as best practice. This supports transparency and enables investors to attribute impact to the specific projects financed.</li> <li>We consider the list of selected impact metrics to be measurable and relevant to the eligible project categories. The issuer provides a good layer of granularity by providing specific indicators for each of the categories.</li> <li>We also consider it best practice that the impact indicators refer to external standards such as the European Investment Bank's Project Carbon Footprint Methodologies.</li> <li>The commitment to outline the methodologies for calculating the impact metrics is another positive aspect of the impact reporting commitments.</li> <li>The annual allocation and impact reporting will be reviewed and subjected to external review annually until full allocation, which provides an additional layer of assurance. The company does not specify the external verifier or whether it will involve a verifier with technical sustainability expertise, which we would consider best practice.</li> <li>We view the commitments relating to reporting to be aligned with the requirements of the ICMA Green Bond Principles.</li> </ul>
Source: ContourGlobal green bond framework (January 2025)	Source: Sustainable Fitch

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## UoP – Examples of Projects

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### Renewable and low-carbon energy production

#### Austria wind

The activities in Austria were performed as part of the broader portfolio of ContourGlobal in Austria, where the company already operates seven wind parks of 161.7MW in total (providing power to 113,300 households). ContourGlobal aims to continue this positive trend and complete the repowering of the remaining three wind farms of the fleet by 2029 (Hagn, Deutsch-Haslau and Zistersdorf) to increase their capacity to 144MW from 74.5MW and their yearly clean energy generation to 430GWh from 145GWh (an 195% increase). After these repowering activities, ContourGlobal plans to have an installed capacity of 231MW with an expected generation of 683GWh by 2029 in the country in total, generating clean electricity to support over 193,000 households, while decreasing the number of turbines from 70 to 49 and reducing the ecological footprint.

#### Bonaire wind repowering

ContourGlobal is currently developing a repowering project for the Morotin wind power plant in the northeast of the Caribbean island Bonaire. The objective of the project is to replace the 12 ageing wind turbine generators with seven new, more efficient turbines; increasing the plant's capacity to 29.4MW from 10.8MW. This shall meet the growing energy demand of the island and provide around 79% of Bonaire's energy needs in the near future, while minimising environmental impact and modernising key infrastructure of this unique ecosystem.

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### Pollution prevention & control

#### Maritsa East 3 TPP coal-to-renewables conversion

ContourGlobal is currently repurposing its Maritsa East 3 TPP site for renewable energy production (PV and batteries). The Maritsa East 3 TPP site benefits from the available terrain, developed energy infrastructure and 808MW of available grid interconnected capacity and interconnection equipment, which the company will use for the development of renewable assets on site. The objective is to start by replacing units 1 and 2 of the coal plant with a standalone BESS with a capacity of 202MW, and phased PV and BESS collocated projects with an additional capacity of 202MW, to be operational within 1Q26. Subsequently, the repurposing of units 3 and 4 will take place with replacement of an additional 404MW between 2026 and 2027.

Note: these above-mentioned projects are examples of ContourGlobal's future capex plans and thus remain subject to pending approvals, permits and other uncertainties linked to the construction of renewable capacities.

Source: ContourGlobal green bond framework (January 2025)

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### Relevant UN Sustainable Development Goals

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- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.



- **13.3:** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



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Source: Sustainable Fitch, UN

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## Appendix A: Principles and Guidelines

### Type of Instrument: Green

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes
Independent External Review Provider	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.
1) Use of Proceeds (UoP)	
UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	No
Sustainable water and wastewater management	No
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	Low-carbon generation, including natural gas generation if below 100gCO <sub>2</sub> /kWh
2) Project Evaluation and Selection	
Evaluation and Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.
Evaluation and Selection, Responsibility and Accountability	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.
3) Management of Proceeds	
Tracking of Proceeds	
Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes

## Type of Instrument: Green

Other	n.a.
<b>Additional Disclosure</b>	
Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	Yes
Allocation to a portfolio of disbursements	No
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.
<b>4) Reporting</b>	
<b>UoP Reporting</b>	
Project-by-project	Yes
On a project portfolio basis	No
Linkage to individual bond(s)	Yes
Other	n.a.
<b>UoP Reporting/Information Reported</b>	
Allocated amounts	Yes
Green bond-financed share of total investment	Yes
Other	n.a.
<b>UoP Reporting/Frequency</b>	
Annual	Yes
Semi-annual	No
Other	n.a.
<b>Impact Reporting</b>	
Project-by-project	Yes
On a project portfolio basis	No
Linkage to individual bond(s)	Yes
Other	n.a.
<b>Impact Reporting/Information Reported (exp. ex-post)</b>	
GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	No
Other ESG indicators	List in issuer's framework
<b>Impact Reporting/Frequency</b>	
Annual	Yes
Semi-annual	No
Other	n.a.
<b>Means of Disclosure</b>	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	n.a.

## Type of Instrument: Green

Note: n.a. – not applicable.  
Source: Sustainable Fitch, ICMA

## Appendix B: Definitions

Term	Definition
<b>Debt types</b>	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
<b>Standards</b>	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

## Appendix C: Second-Party Opinion Methodology

### Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer’s green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, “alignment” should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

### Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

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### Scale and Definitions

ESG Framework	
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

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## SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

A Sustainable Fitch ESG Analytical Product (ESG Product) provides an assessment of the Environmental, Social and/or Governance ("E", "S" and "G") qualities of an issuer and/or its securities. ESG Products include without limitation ESG ratings, ESG scores, ESG second-party opinions and other ESG assessments and data-related products, among other ESG Products. An ESG Product is not a credit rating. ESG Products are provided by Sustainable Fitch, a Fitch Solutions company, and an affiliate of Fitch Ratings. Sustainable Fitch has established specific policies and procedures intended to avoid creating conflicts of interest and compromising the independence or integrity of Fitch Ratings' credit rating activities and Sustainable Fitch's ESG Product generation activities. For a description of the methodology, limitations and disclaimers relating to Sustainable Fitch's ESG Products, please use this link: [www.sustainablefitch.com](http://www.sustainablefitch.com).

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