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Sustainalytics Second Party Opinion

Encevo Group Green Finance Program Framework

26 May 2025

Framework owner and location:
Encevo Group
Esch-sur-Alzette, Luxembourg

Sector:
Utilities

Overall Assessment

Sustainability Contribution

Principles Alignment

Aligned

Green Bond Principles 2021
Green Loan Principles 2025

Contribution to SDGs

Assessment Summary

Encevo Group has developed the Encevo Group Green Finance Program Framework, dated May 2025, under which it intends to issue bonds, including public and private placements, Schuldscheindarlehen and Namensschuldverschreibungen, and obtain bank loans to finance projects in Luxembourg, Germany, Belgium, France and the Netherlands in four environmental categories.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's four use of proceeds categories, weighted according to the percent allocation indicated by Encevo to Sustainalytics.

Encevo intends to finance environmental expenditures in Renewable Energy Projects, Energy Transmission, Distribution and Smart Grid Projects, Sustainable Real Estate and Clean Transportation Solutions. The Framework allows for equity investments in pure play companies that derive 90% or more of their total revenue from activities that meet the eligibility criteria in the Framework.

Eligible renewable energy expenditures will focus on wind and solar power generation, as well as green hydrogen production. Investments in energy transmission and distribution infrastructure and smart grid technologies will support the integration of renewables in Luxembourg's and Germany's electricity grids and follow a pro-rata approach to finance the share of expenditures that are relative to the share of renewable electricity in those grids. These investments will directly displace fossil fuels and strongly advance the low carbon transition.

Commercial real estate financed under the Framework will be fossil fuel-free for their energy use and achieve a level of certification that places them among the most energy-efficient buildings in their regions, making a strong contribution to decarbonizing the buildings sector. For investments in transportation, Encevo intends to finance the installation of electric vehicle (EV) charging stations, including updates to associated grid systems, which strongly support the long-term objective of achieving zero emissions transportation.

We have assessed the Framework as **Aligned** with the Green Bond Principles 2021 and Green Loan Principles 2025.

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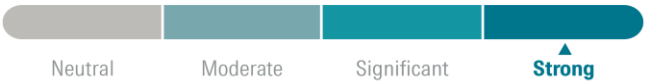
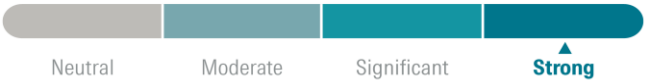
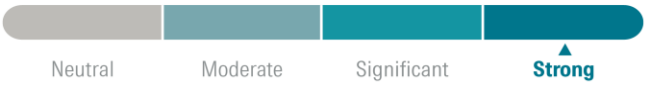
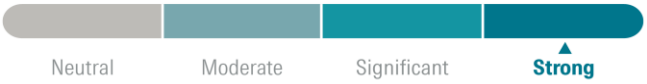
Breakdown per Use of Proceeds Category

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's use of proceeds categories. We have weighted each category according to the percent allocation indicated by Encevo to Sustainalytics, as shown below.

Category	Sustainability Contribution Level	Weight
Renewable Energy Projects		20%
Energy Transmission, Distribution and Smart Grid Projects		60%
Sustainable Real Estate		10%
Clean Transportation Solutions		10%

Issuer Overview & Sustainability Strategy

Encevo Group is an energy supplier in Luxembourg, Germany and France, and a grid operator in Luxembourg and Germany. The Group is active across the entire energy value chain, including production, storage, supply, transport, trading, distribution and technical services. Through its main subsidiaries, Enovos (energy supply and renewable production), Creos (grid operation) and Teseos (energy-related services), it serves residential, commercial and industrial customers in Luxembourg, Germany, France, Belgium and the Netherlands. Headquartered in Esch-sur-Alzette, Luxembourg, Encevo employed 2,884 people as of 2024.[1]

Encevo's sustainability strategy is integrated into its business model, which focuses on enabling sustainable energy transition through: i) renewable energy generation and supply; ii) smart infrastructure management; and iii) technical services and energy solutions.

To facilitate the energy transition through its products and services, Encevo has committed to support Luxembourg's National Energy and Climate Plan, which aims to achieve a 35-37% share of renewable energy in final energy consumption by 2030. The Group has set targets to reduce its scope 1 and 2 GHG emissions by 50% and scope 3 GHG emissions by 30% by 2030, from a 2021 baseline. To achieve these targets, Encevo has prioritized renewable energy production from wind, solar and hydroelectric sources, smart grid development, green hydrogen projects, fleet electrification and energy efficiency initiatives for customers. In 2024, Encevo increased its renewable energy generation capacity by 40% from 2023, reaching 761.5 MW, through large-scale solar and wind projects such as the Südeifel photovoltaic park in Germany and the NordEnergie wind park in Luxembourg. The Group is also integrating hydrogen into its energy mix through projects such as HY4Link and mosaHYc, which contribute to the development of Europe's hydrogen network. To expand its smart infrastructure, Encevo is modernizing its electricity networks to increase system flexibility, support the integration of renewables, and improve energy data management through smart metering and digital initiatives, such as Luxembourg's national energy data platform, LENEDA. In 2024, the Group invested EUR 205 million in grid infrastructure and EUR 45 million in renewable energy. In line with its sustainability strategy, Encevo is also offering technical services and solutions to customers so that they can monitor and optimize their energy consumption. Such services include installing solar panels, energy storage systems, heat pumps and electric vehicle charging infrastructure, as well as offering customer-focused advisory services and incentive programmes. These services generated 166 GWh in energy savings in 2024.[2]

Encevo's CSR governance framework supports the integration of sustainability into the Group's strategy and across its operations. The board of directors provides strategic oversight, sets sustainability priorities and evaluates performance annually. The Group Strategy and Executive Committees guide the sustainability strategy and materiality analysis and advise on ESG matters across the business. A CSR Committee, composed of senior executives from various departments, translates the strategy into concrete plans and oversees their implementation. At the operational level, the CSR Steering Committee selects and evaluates sustainability-related projects and initiatives, while the Corporate Sustainable Development function is responsible for the execution of these initiatives, and for ESG reporting and stakeholder engagement. Encevo publishes an annual integrated report that provides an overview of the Group's sustainability strategy, objectives, risk management and ESG performance.[3]

[1] Encevo Group, "Encevo S.A. Annual Report 2024", at: https://www.encevo.eu/wp-content/uploads/2025/05/Encevo-Annual-Report-2024.pdf
[2] Ibid.
[3] Ibid.

Principles Alignment

We have assessed the Group's Green Finance Program Framework as follows:

Green Bond Principles 2021 – **Aligned**

Green Loan Principles 2025 – **Aligned**

Encevo Group intends to issue unsecured bonds, including public and private placements that do not involve the sale of stock shares to investors, Schuldscheindarlehen and Namensschuldverschreibungen,[4] and to obtain bank loans under the Framework.

Principles Alignment Detailed Evaluation

Use of Proceeds — **Aligned**

Alignment with core requirements

× The Framework describes eligibility criteria appropriately.
× All expenditures are expected to provide clear environmental benefits.

Additional considerations

× The Group has defined a look-back period of up to two years and five months for its refinancing.
× The Group has disclosed the estimated proceeds allocation per category.

Project Evaluation and Selection — **Aligned**

Alignment with core requirements

× The Framework describes a governance process for the evaluation and selection of eligible projects.
× The Framework communicates the environmental sustainability objectives of eligible projects.
× The Framework describes a process to identify and manage perceived environmental and social risks associated with eligible projects.

Additional considerations

× Encevo has committed to the following practices, which go beyond the core requirements:
  × The Group describes how eligible projects support its sustainability strategies and objectives.
  × The Framework indicates the SDGs to which it expects to contribute through eligible projects.
  × The Framework excludes financing of activities related to fossil energy generation, nuclear energy generation, research and development of weapons, resource extraction with potential negative environmental impacts, hydroelectric power production units with a capacity above 25 MW, gambling and tobacco.

[4] Namensschuldverschreibungen is a debt security issued to a specific creditor. BaFin, "Schuldverschreibung auf einen Blick", at: https://www.bafin.de/DE/Verbraucher/GeldanlageWertpapiere/Produkte/Schuldverschreibungen/Schuldverschreibung_node.html

Management of Proceeds	**Aligned**
	
	Alignment with core requirements
	
	× The Framework describes a governance structure, including assigning responsibility for the management of proceeds.
	× The Framework describes the processes and systems that will be used to track the proceeds.
	× The Framework describes the intended temporary placement for the balance of unallocated proceeds.
	
	Additional considerations
	
	× Encevo will manage the proceeds from the financing using a portfolio approach.
	× The Group has committed to the following practices, which go beyond the core requirements:
	  × The Group intends to allocate all proceeds to eligible projects within three years of issuance.
	  × Pending full allocation, temporary proceeds will be held in the Group's internal cash pooling system, managed according to its liquidity management practices.
	  × The Group will obtain assurance from a third party for its allocation of proceeds.

Reporting	**Aligned**
	
	Alignment with core requirements
	
	× The Group will provide an annual allocation report until full allocation of proceeds and renew it in the event of any material changes thereafter.
	
	Additional considerations
	
	× The Group has committed to the following practices, which go beyond the core requirements:
	  × Encevo will publish allocation and impact reports on its website.
	  × The Group will publish a category-level allocation report.
	  × The Group will report on the qualitative and quantitative impacts of projects using relevant metrics, where feasible.
	  × The Framework indicates at least one impact metric for each category.

Sustainability Contribution

Encevo intends to use the proceeds from instruments issued under the Framework to finance and refinance, in whole or in part, projects and activities expected to lead to environmental benefits in Luxembourg, Germany, Belgium, France and the Netherlands.

The Framework allows for equity investments in pure play companies that derive 90% or more of their total revenue from activities that meet the eligibility criteria in the Framework.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's use of proceeds categories. We have weighted each category according to the percent allocation indicated by Encevo to Sustainalytics.

Sustainability Contribution

Sustainability Contribution per Use of Proceeds Category

Renewable Energy Projects

We have assessed the Sustainability Contribution of the Renewable Energy Projects category as **Strong**. Investments under this category include the financing of renewable energy generation projects from wind and solar sources, as well as the production of green hydrogen. Wind and solar projects are critical to the goals of zero emission energy production, while green hydrogen offers a low emission energy solution.

Category Expenditures

Expenditure	Description
Wind generation	× Development, construction, installation and maintenance of onshore wind energy generation facilities.
Solar power generation	× Development, construction, installation and maintenance of solar photovoltaic (PV) facilities.
Green hydrogen production	× Production of green hydrogen through electrolysis, using electricity sourced from renewables. × Hydrogen produced will not be supplied for oil refining or fossil fuel operations.

Analytical Commentary

Investments in low carbon energy are critical for the energy transition, as electricity and heat production accounted for 44% of global CO_2 emissions from fuel combustion in 2022.[5] To limit global temperature rise to 1.5°C, the share of renewable energy generation must increase rapidly to 90% by 2050.[6]

[5] IEA, "Energy Data Explorer", 2024, at: https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer
[6] IEA, "Net Zero by 2050", 2021, at: https://www.iea.org/reports/net-zero-by-2050

Investments in wind and solar projects contribute strongly to the goal of zero emission energy systems, as they have life cycle GHG emissions intensities[7] below the technology-agnostic threshold of 100 gCO_2e/kWh, which is consistent with limiting global temperature rise to 2°C.[8]

The Framework limits investments to hydrogen produced via water electrolysis powered by renewable energy. The life cycle emissions intensity of this production method is largely dependent on the carbon intensity of the electricity used. By relying on renewable energy, the eligible facilities are expected to maintain low life cycle emissions. Low emission hydrogen plays a crucial role in decarbonizing hard-to-abate sectors, such as heavy-industry, transport and power, by offering a clean energy carrier where other renewable alternatives may be unfeasible.

Energy Transmission, Distribution and Smart Grid Projects

We have assessed the Sustainability Contribution of the Energy Transmission, Distribution and Smart Grid Projects category as **Strong**. The Group intends to invest in Luxembourg and Germany's electricity grid, and hydrogen transmission grids and pipelines to support renewable energy expansion and energy efficiency improvements. These investments are crucial for the decarbonization of the energy sector.

Category Expenditures

Expenditure	Description
Investments in electricity transmission and distribution infrastructure and smart grid technologies	× Development, construction and reconstruction of electricity transmission and distribution networks to increase renewable energy capacity and energy supply security. × Investment in existing grid infrastructure to improve energy efficiency and reduce network loss, including the replacement of tension lines, investment in tension stations, transformers and smart grid technologies. × Investment in fibre optical networks, rugged routers and remotely controllable switchgear that are part of the SCADA system for monitoring and managing electricity consumption. × Investment is limited to Luxembourg's and Germany's energy grids where the share of renewables is expected to increase. × A pro-rata approach will be applied to finance the proportion of the investments relative to the share of the renewables in the grid.
Development, construction, planning, management and operation of hydrogen grids and pipelines	× Grids and pipelines 100% dedicated to hydrogen transportation and distribution.

[7] Silva, M. et al., "Life cycle GHG emissions of renewable and non-renewable electricity generation technologies", RE-Invest Project, 2019, at: https://reinvestproject.eu/wp-content/uploads/2019/11/OR_RE-INVEST_Life-cycle-GHG-emissions-of-renewable-and-non-renewable-electricity.pdf
[8] IEA, "Energy Technology Perspective", 2017, at: https://iea.blob.core.windows.net/assets/a6587f9f-e56c-4b1d-96e4-5a4da78f12fa/Energy_Technology_Perspectives_2017-PDF.pdf

Analytical Commentary

In 2024, global CO_2 emissions from the energy sector reached a record high of 37.8 Gt, growing by 0.8% from the previous year.[9] To achieve internationally agreed climate goals, renewable energy must account for 90% of total energy generation by 2050.[10] By 2040, more than 80 million kilometres of grids need to be added or refurbished, an amount equivalent to the existing global grid capacity, in order to integrate renewables and decarbonize the electricity supply.[11] The EU aims for at least 42.5% renewable energy in its energy mix by 2030, and to fully decarbonize the energy system by 2050 with renewable hydrogen accounting for 10% of the EU's energy needs.[12,13]

For investment in electricity grids, grid components and technologies, the Framework uses a pro-rata approach to finance the share of expenditures that are relative to the share of renewable electricity in the grid, to support the growth and integration of renewable energy sources. Renewable energy accounted for 18% of Luxembourg's gross electricity consumption and 52% of Germany's in 2023.[14] Germany has set a target to increase this share to at least 80% by 2030, while Luxembourg aims to achieve 100% renewable energy coverage for final energy consumption by 2050.[15,16] Eligible expenditures will also be directed to grids and pipelines that are fully dedicated to hydrogen transmission. Investments in this category are crucial to achieving a low-carbon energy system, as they improve efficiency, facilitate the integration of renewable energy, and support the infrastructure required for hydrogen transport.

Sustainable Real Estate

We have assessed the Sustainability Contribution of the Sustainable Real Estate category as **Strong**. Commercial buildings financed under the Framework will be zero emissions-ready and certified under globally recognized green building standards with certification levels that are expected to position the eligible buildings among the most energy efficient in the region. These investments are critical to reducing emissions from the buildings sector and its decarbonization.

Category Expenditures

Expenditure	Description
Construction of green buildings	× Design, construction and operation of commercial buildings that: i) produce zero onsite carbon emissions from fossil fuels; and ii) are built after 1 January 2024 with one of the following green building certification levels: DGNB[17] Gold or Platinum; BREEAM[18] Excellent or Outstanding; LEED[19] Gold or Platinum; or EDGE[20] Advanced or Zero Carbon. × Expenditures exclude buildings dedicated for the storage, transportation and exploration of fossil fuels.

[9] IEA, "Global Energy Review 2025", at: https://iea.blob.core.windows.net/assets/5b169aa1-bc88-4c96-b828-aaa50406ba80/GlobalEnergyReview2025.pdf
[10] IEA, "Net Zero by 2050", 2021, at: https://www.iea.org/reports/net-zero-by-2050
[11] IEA, "Electricity Grids and Secure Energy Transitions", 2023, at: https://iea.blob.core.windows.net/assets/ea2ff609-8180-4312-8de9-494bcf21696d/ElectricityGridsandSecureEnergyTransitions.pdf
[12] European Commission, "Renewable energy targets", at: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets_en
[13] European Commission, "Hydrogen", at: https://energy.ec.europa.eu/topics/eus-energy-system/hydrogen_en
[14] Eurostat, "2023: record-breaking increase in renewable electricity", 2025, at: https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20250221-3
[15] Federal Government of Germany, "We're tripling the speed of the expansion of renewable energies", at: https://www.bundesregierung.de/breg-de/service/archiv/amendment-of-the-renewables-act-2060448
[16] The Luxembourg Government, "Renewable Energy", at: https://meco.gouvernement.lu/en/domaines-activites/energie/energies-renouvelables.html
[17] DGNB: https://www.dgnb.de/en
[18] BREEAM: https://bregroup.com/products/breeam/how-breeam-works/
[19] LEED: https://www.usgbc.org/leed
[20] EDGE: https://edgebuildings.com/certify/certification/

Analytical Commentary

Buildings accounted for 26% of energy-related GHG emissions globally and 34% in the EU in 2022.[21,22] Commercial buildings, including offices and warehouses, have a sizeable carbon footprint due to their substantial energy demand for heating, lighting and cooling.[23] To achieve net zero emissions by 2050, the EU aims to reduce GHG emissions from the sector by 60% by 2030, compared to 2015 levels. This is supported by the Energy Performance of Buildings Directive which sets zero emissions targets for all new buildings.[24] With nearly half of 2050's buildings yet to be constructed, investing in green buildings is critical for decarbonizing the global building stock.[25,26]

The Framework limits the financing to new commercial buildings that produce zero onsite carbon emissions from fossil fuels, thereby mitigating the risk of fossil fuel lock-in. Additionally, eligible buildings must obtain the required minimum certification levels of green building certifications, which are expected to place the eligible buildings among the most energy efficient buildings in the region. These investments will facilitate the transition toward zero emissions buildings, contributing strongly to the decarbonization of the buildings sector.

Clean Transportation Solutions

We have assessed the Sustainability Contribution of the Clean Transportation Solutions category as **Strong**. Encevo intends to finance electric vehicle charging stations, including associated grid connection upgrades, thereby supporting the adoption of electric mobility. Investments in infrastructure that enable low carbon road transport are expected to strongly contribute to achieving the long-term goal of zero emissions transportation.

Category Expenditures

Expenditure	Description
EV charging stations and associated grid infrastructure	× Installation of charging stations for electric vehicles and upgrades to electrical grid infrastructure to support their connection and installation.

Analytical Commentary

The transport sector is responsible for 37% of CO_2 emissions from end-use sectors, with emissions growing at an average annual rate of 1.7% from 1990 to 2022, outpacing all sectors except industry.[27,28] Road transport is the largest contributor to global transport emissions, accounting for 73% of transport emissions in 2022. To reach climate neutrality by 2050, emissions from transport must decline by more than 3% per year through 2030.[29] With transport volumes projected to

[21] IEA, "Tracking Buildings", 2023, at: https://www.iea.org/energy-system/buildings
[22] European Environment Agency, "Greenhouse gas emissions from energy use in buildings in Europe", 2024, at: https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emissions-from-energy
[23] U.S. Energy Information Administration, "Using and Saving Energy in Commercial Buildings", at: https://www.eia.gov/kids/using-and-saving-energy/commercial-buildings.php?
[24] European Commission, "Energy Performance of Buildings Directive adopted to bring down energy bills and reduce emissions", 2024, at: https://ec.europa.eu/commission/presscorner/detail/en/ip_24_1965
[25] UNEP, "Emissions from building sector stopped rising for the first time since 2020, UN finds", 2025, at: https://www.unep.org/news-and-stories/press-release/emissions-building-sector-stopped-rising-first-time-2020-un-finds
[26] U.S. Green Building Council, "How green buildings can help fight climate change", at: https://www.usgbc.org/articles/how-green-buildings-can-help-fight-climate-change
[27] UN Environment Programme Finance Initiative, "Climate Risks in the Transportation Sector", 2024, at: https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector-1.pdf
[28] IEA, "Transport", 2023, at: https://www.iea.org/energy-system/transport
[29] Ibid.

double by 2050, developing infrastructure for low carbon road transport is essential as part of broader efforts to decarbonize the sector.[30]

Investments under the Framework include the installation of electric vehicle charging stations and associated upgrades to the electricity grid infrastructure to support their deployment. These expenditures are expected to directly support the expansion of charging networks and make a strong contribution to the transition to electric mobility by enabling zero emissions transport in the target countries.

[30] World Economic Forum, "7 Reasons Why Global Transport is so Hard to Decarbonize", 2021, at: https://www.weforum.org/agenda/2021/11/global-transport-carbon-emissions-decarbonise/

Environmental and Social Risk Management

We have identified the following areas of environmental and social risk associated with the expenditures eligible under the Framework: land use and biodiversity; emissions, effluents and waste; community relations; occupational health and safety; and business ethics. Encevo has the following policies and processes in place to identify and mitigate such risks.

E&S Risk identified	Applicable policies, procedures and measures
Land use and biodiversity; emissions, effluents and waste; community relations	× Encevo adheres to the Directive 2014/52/EU transposed into Luxembourg's law Loi du 15 mai 2018, which requires assessing and mitigating significant environmental impacts, particularly on species and habitats. For projects involving significant land use, the directive mandates an assessment to limit impacts on land, soil and organic matter, including erosion, compaction and sealing. × The Directive 2014/52/EU mandates public consultation for projects likely to have significant environmental effects, ensuring that public opinions, comments and objections are taken into consideration.[31,32] × In Germany, Encevo follows the Act to Modernize Environmental Impact Assessment Law, which requires a structured screening process, public participation and detailed environmental impact reports for construction projects. For power infrastructure developments, particularly overhead lines exceeding 110 kV, a complete environmental impact assessment must be integrated into the permitting procedure. This includes early public participation and the preparation of a Landscape Conservation Accompanying Plan to avoid, minimize and compensate for impacts on nature and the landscape.[33] × The Group's Supplier Code of Conduct requires suppliers and sub-contractors to comply with applicable environmental laws and regulations, conserve natural resources, reduce waste and emissions, and adopt eco-friendly technologies.[34]
Occupational health and safety	× Encevo's Health and Safety Policy outlines the Group's approach to managing occupational health and safety related risks, with defined rules, management systems and responsibilities of all stakeholders in compliance with the EU Directive 89/391/EEC.[35] × The Group's Supplier Code of Conduct requires suppliers to establish a proactive accident reduction and prevention policy, and implement procedures and systems to ensure workplace health and safety. This includes measures to minimize hazards from chemical, biological and physical agents, providing personal protective equipment, and installing safety measures on machinery.[36]
Business ethics	× Encevo's Code of Business Conduct establishes ethical business practices for its employees. Additionally, the Group has due diligence measures to detect and evaluate human rights abuses, and environmental and business ethical risks and impacts throughout its value chain.[37] × The Supplier Code of Conduct sets forth ethical and moral standards for the Group's suppliers and sub-contractors.[38] × The Group's Human Rights Policy outlines its commitment to respecting human rights in alignment with internationally recognized standards, such as the UN International Bill of Human Rights and

[31] European Commission, "Directive 2014/52/EU of the European Parliament and of the Council", (2014), at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0052
[32] The government of the Grand Duchy of Luxembourg, "Loi du 15 mai 2018 relative à l'évaluation des incidences sur l'environnement et portant modification", at: https://legilux.public.lu/eli/etat/leg/loi/2018/05/15/a398/jo
[33] The Federal Ministry of Justice of Germany, "Environmental Impact Assessment Act", at: https://www.gesetze-im-internet.de/uvpg/
[34] Encevo, "Supplier Code of Conduct", at: https://www.encevo.eu/wp-content/uploads/2020/04/20190801_EncevoGroup_SupplierCodeofConduct.pdf
[35] European Commission, "Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work", at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391
[36] Encevo, "Supplier Code of Conduct", at: https://www.encevo.eu/wp-content/uploads/2020/04/20190801_EncevoGroup_SupplierCodeofConduct.pdf
[37] Encevo, "2023 Encevo S.A. Annual Report", at: https://www.encevo.eu/wp-content/uploads/2024/06/240621_ENC_RA_PRINT_DIGITAL_MF_Light.pdf
[38] Encevo, "Supplier Code of Conduct", at: https://www.encevo.eu/wp-content/uploads/2020/04/20190801_EncevoGroup_SupplierCodeofConduct.pdf

	the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and details its approach to managing human rights risks and impacts.[39]
	× Encevo has a whistleblowing system that allows employees, consultants, contractors, suppliers, and other stakeholders to anonymously report any violations of business ethics or human rights.[40]

[39] Encevo, "Encevo Group Human Rights Policy", at: https://www.encevo.eu/wp-content/uploads/2023/04/encevo_group_human_rights.pdf
[40] Encevo, "2023 Encevo S.A. Annual Report", at: https://www.encevo.eu/wp-content/uploads/2024/06/240621_ENC_RA_PRINT_DIGITAL_MF_Light.pdf

Annex 1: Assessment Framework Overview

The following is a brief overview of the Assessment Framework that we use to assess debt instruments and the frameworks that support them. Using this Assessment Framework, we provide two key signals in our Second Party Opinions: **Principles Alignment** and **Sustainability Contribution**.

Principles Alignment indicates a framework's alignment with the requirements of applicable sustainable debt market Principles.[41] This assessment is structured according to the four components of the Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting. Principles Alignment is expressed at one of following levels:

× **Aligned:** Meets all requirements across the four components.

× **Partially Aligned:** Meets requirements on two or three of the four components.

× **Not Aligned:** Does not meet requirements on most or all of the four components.

In addition, we provide commentary on any shortcomings as well as best practices.

Sustainability Contribution provides a clear and comparable signal of the expected contribution of the use of proceeds to one or more environmental or social objectives. We assess each expenditure defined in a framework by looking at the activities, assets and projects that they finance. This assessment is carried out using a set of factors that we have identified as driving the expenditure's contribution to a primary objective as well as its avoidance of harm to other objectives. The assessment results in one of the four levels of Sustainability Contribution described in the table below.

We determine the average contribution of the expenditures within each use of proceeds category (as defined by the issuer) to produce an expected Sustainability Contribution for each category. We then aggregate across categories to determine the Sustainability Contribution of a framework overall. In most cases, weight is distributed equally across use of proceeds categories. However, we adjust the weighting if information regarding percentage allocation is provided by the issuer.

Level of Sustainability Contribution	Description
	The expenditure finances an activity that makes a strong contribution to an environmental or social objective. The activity is well aligned with credible standards; there are no significant lock-in risks; and the risk of negative impact to other sustainability objectives is low.
	The expenditure finances an activity that makes a significant positive contribution to an environmental or social objective while having minor shortcomings compared to a strong contribution. This is either because the activity falls somewhat short of credible standards; there is some risk of lock-in (in the case of some environmental activities); there is a risk of negative impact to other sustainability objectives; or there is some ambiguity in the criteria for the expenditure.
	The expenditure finances an activity that represents a step towards an environmental or social objective but has substantial shortcomings compared to expenditures that make a strong contribution. Although the activity will result in benefit over a relevant baseline, either it falls substantially short of credible standards; there is significant risk of lock-in; there is significant ambiguity in the criteria; or there is a risk of significant negative impact to other sustainability objectives.
	The expenditure finances an activity that entails no net positive contribution to environmental or social objectives. Even in cases where there is some positive contribution to an objective, this is offset by shortcomings in other areas. Alternatively, the eligibility criteria may be unclear to the extent that contribution cannot be determined.

[41] These primarily include the Green Bond Principles and the Social Bond Principles, published by the International Capital Market Association (ICMA); and the Green Loan Principles and the Social Loan Principles, published by the Loan Syndications and Trading Association, the Loan Market Association, the Asia Pacific Loan Market Association (LSTA-LMA-APLMA), and the Association of Southeast Asian Nations (ASEAN).

Scope of Work and Limitations

This Second-Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second-Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second-Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. In addition, it does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided in this Second-Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Framework owner may have made available to Sustainalytics for the purpose of this Second-Party Opinion.

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