

An aerial photograph of several large, white icebergs floating in clear, teal-colored water. The icebergs have jagged, textured surfaces and are scattered across the frame. The water is a vibrant, deep greenish-blue, and the overall scene is set against a dark, almost black background, possibly the sky or a deep part of the ocean.

PACIFIC

RENEWABLES YIELD AG

**GREEN FINANCE
FRAMEWORK**

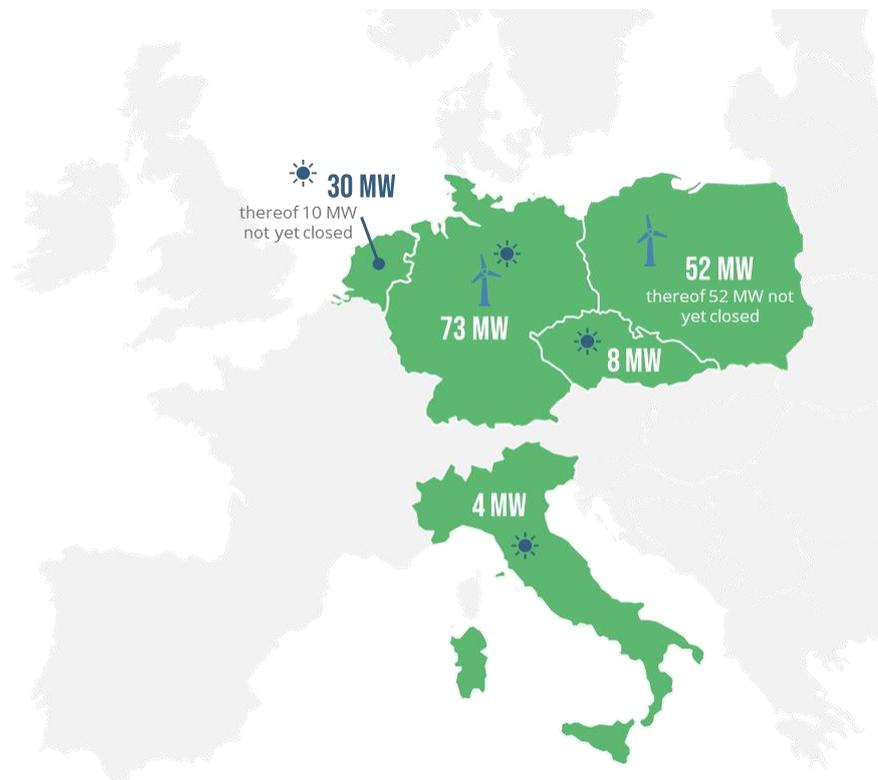
CONTENTS

1. Introduction	3
1.1 Pacifico Renewables	3
1.2 Pacifico Renewables And Sustainability	5
1.3 Contribution To UN Sustainable Development Goals (Sdgs)	8
1.4 Background And Rationale For The Green Finance Framework	9
2. The Pacifico Renewables Green Finance Framework	10
2.1 Use Of Proceeds	11
2.2 Process For Evaluation And Selection	12
2.3 Management Of Proceeds	13
2.4 Reporting	14
2.5 External Review	15

1. INTRODUCTION

1.1 PACIFICO RENEWABLES

Pacifico Renewables Yield AG (thereafter, “Pacifico Renewables” or the “Group”) is an independent power producer listed on the open market of the Dusseldorf Stock Exchange with additional requirements, (Primärmarkt) (ISIN: DE000A2YN371) with the aim of building up a gradually growing portfolio of plants for energy generation from renewable sources. With operational photovoltaic solar (“solar”) and onshore wind power plants spread across Europe – Germany, the Czech Republic, Italy, the Netherlands and Poland - Pacifico Renewables offers a clear and diversified profile with stable and predictable earnings. In 2020, Pacifico Renewables generated 82 gigawatt hours (GWh) of electricity, which enabled the Group to save around 65,000 tons of CO₂e.



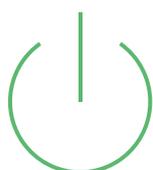
Overview of Pacifico Renewables' existing portfolio. The solar and wind plants are located in Germany, the Czech Republic, Italy, the Netherlands and Poland.

The Group believes in the efficiency of separating distinct development risks from other activities in the lifecycle of renewable energy power plants. It focuses on power plants that are already operational or in a contractually secured construction phase and benefit from a contracted revenue base. This clear profile allows the Group to deliver stable and predictable cashflows while avoiding development risks. Furthermore, with solar and onshore wind power plants, Pacifico Renewables builds on established and competitive technologies associated with comparatively limited risks in a growing market.

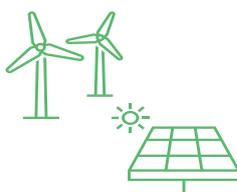
To have access to growth opportunities despite avoiding development risks, the Group currently has four partnerships with renewable energy plant developers – Pacifico Energy Partners GmbH (“Pacifico Partners”), Boom Power Ltd & Boom Developments Ltd (“Boom Power”), the WIRTH GRUPPE and ACE Power – in place. This provides the Group with a pipeline of over 3.1 gigawatt (GW) in Germany, Italy, the Netherlands, Poland, Spain, the United Kingdom and Australia.

The strategic partnership with Pacifico Partners also allows the Group to outsource asset management and other services. Pacifico Renewables aims to maintain a lean and scalable set-up while benefitting from its strategic partner’s expertise.

Pacifico Renewables Yield AG is listed on the Open Market of the Düsseldorf Stock Exchange and its quality segment with additional requirements (primary market) (ISIN: DE000A2YN371).



82 GWh
Electricity production
in 2020



166 MW
Wind and Solar PV
Portfolio



65,000 t CO₂-e
Emissions savings
expected in 2021

1.2 PACIFICO RENEWABLES AND SUSTAINABILITY

Pacifico Renewables' overall goal is to accelerate the energy transition by applying established technologies in the most competitive way. Three main areas were identified, where Pacifico Renewables can have a significant impact – the environment, people, and partners. To address these impacts, the Sustainability Framework is composed of three pillars, which serve as the foundation for the Group's sustainability strategy.

First pillar: The Environment – Delivering renewable energy in a sustainable and efficient way

The first pillar includes Pacifico Renewable's goal to not only generate more electricity from renewable sources (Scope 1 and 2¹), but also to mitigate potential adverse consequences its operations might have on the environment, such as business travels (Scope 3). The Group currently has a travel policy in place, which specifies that employees should refrain from using planes as means of transportation, unless specially approved by management after careful evaluation. If, however, a Pacifico Renewables employee does travel via airplane, the Group commits itself to compensate the resulting CO2 emissions.

Additionally, Pacifico Renewables also acknowledges that its projects might have an adverse negative impact on the local environment. Hence, the Group is fully committed to the protection of biodiversity and the preservation of natural habits. Pacifico Renewables is currently in the process of developing assessment criteria to identify potential adverse impacts on the biodiversity of the land that the Group's new renewables energy plants are built on. This will allow the Group to gather more insights on potential actions going forward. Moreover, the Group also intends to thereafter engage with its development partners on how to incorporate biodiversity protection considerations in the development process.

To achieve the pillar goal to deliver renewable energy in an efficient and sustainable way the Group has set the following targets:

- Increase renewable energy capacity to 400 MW by 2023 (January 2022: 166 MW)
- Increase share of renewable energy of plant energy consumption to 75% by 2023 (2020: 56.2%)
- Perform, by the end of 2021, a GHG assessment for Scope 1 and 2 emissions
- Track, by the end of 2021, travel-related CO2 emissions per employee
- Develop, by the end of 2021, an environmental management system
- Develop, by the end of 2021 assessment criteria to identify potential adverse impacts on the biodiversity of the land that the Group's new renewable energy plants are built on

Regarding the last point, Pacifico Renewables intends to conduct a thorough environmental risk assessment in 2021. Once risks are identified, the Group plans to implement an environmental management system aimed at mitigating those identified environmental risks.

¹ Scope 1 and Scope 2 are part of the Greenhouse Gas Protocol corporate standard, which is the leading emissions calculation standard. Scope 1 emissions are direct emissions emitted by Group-controlled resources, including vehicles, the consumption of fuels, heating and cooling, as well as, emissions from industrial processes. Scope 2 emissions are indirect emissions from the consumption of purchased electricity, steam, heat and cooling.

Second pillar: The People – Foster talent, communities & digitalization

The second pillar is about the Group's goal to foster talent, communities and digitalization as much as possible. Pacifico Renewables believes that giving responsibility to the most talented and ambitious people leads to outstanding results. While doing so, the Group takes the responsibility very seriously to give Pacifico Renewables' employees the opportunity to continuously grow and thrive. In addition, Pacifico Renewables believes that great people are necessary to take the most advantage of digital tools and that in turn digital tools allow ambitious people to reach their full potential. Furthermore, the Group takes the impact it has on the communities where it operates in very seriously and strives to be a responsible part of society. Pacifico Renewables aims to increase its social impact beyond the scope of its direct operations by engaging with and supporting social impact organizations with the goal to improve the communities where the Group operates in and that Pacifico Renewables' employees live in. To that end, the Group is working together with two social impact organizations – Deutsche Sporthilfe and Lebenshilfe Salzburg – to increase the Group's positive contribution to society. Pacifico Renewables aims to develop long-lasting trust-based relationships with these two organizations.

This pillar includes the Group's effort to promote diversity and non-discrimination, employee well-being and social compliance, as well as the Group's social engagement with civil society. With that in mind, Pacifico Renewables is fully committed to provide employees with training and education programs to enable them to fully reach their potential. Additionally, the Group wants to improve diversification by applying diversity tracking in the hiring process. Promoting diversity of all types is set as a crucial factor to be considered in any decisions regarding the development of Pacifico Renewables.

Pacifico Renewables has also recently developed and introduced a code of conduct, a number of policies and guidelines including an anti-corruption guideline and capital markets policy which aim to assure compliance with laws and regulations. The purpose of the Code of Conduct is to lay out the Group's foundation transparently and to simplify the process for Pacifico Renewables' employees to achieve the Group's goals while also allowing relevant stakeholders and the general public insight into the Group's business conduct.

The full Code of Conduct can be found [here](#).

Third pillar: The Partners – Be a responsible renewable energy platform

The third pillar is defined by Pacifico Renewables' goal to be a responsible renewable energy platform. The Group believes in the advantages of an efficient separation of risks and activity profiles and a lean and scalable organizational set-up. Therefore, having excellent partnerships with stakeholders covering various areas of the value chain is key for Pacifico Renewables. Amongst these partnerships, the Group's partnerships with project developers are particularly important. As a potential buyer of newly developed projects, Pacifico Renewables can have a positive impact not only by helping developers recycle development capital efficiently, but also by influencing key design choices during the development phase. Pacifico Renewables takes this responsibility very seriously and works on initiatives to formalize key aspects to safeguard a sustainable and ethical business conduct beyond the Group's operations.

Under this pillar, the Group has identified Anti-Corruption and Sustainability in the Value Chain as material topics. Pacifico Renewables plans in 2021 to introduce an external partner code of conduct and to perform a supply chain analysis focused on human rights and working conditions. Additionally, Pacifico Renewables also sees transparency and accountability as key features of a responsible renewable energy platform. The Group has recently published its first sustainability report to grant the Group's stakeholders insight into how Pacifico Renewables manages and reports its progress on sustainability-related topics. The report can be found [here](#). The Group's sustainability report follows the globally recognized Global Reporting Initiative (GRI) Standards.

1.3 CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Pacifico Renewables is committed to contribute to the fulfilment of the United Nation Sustainable Development Goals established as part of the United Nations Agenda 2030 in 2015. The Group has incorporated a total of ten Sustainable Development Goals into its sustainability approach. As part of the Group's Sustainability Framework Pacifico Renewables has set itself sustainability targets against which the Group measures its sustainability performance. Each target contributes to at least one out of the ten following UN Sustainable Development Goals:



In the context of this Green Finance Framework the Group has identified three primary United Nations Sustainable Development Goals that the Group believes it can contribute the most towards through the issuance of green finance instruments.

UN SDG	Pacifico Renewables' Contribution
	<p>The provision of clean and affordable energy is the core objective of the Group's operations and the Group's contribution towards this goal is continuously increasing through its expanding portfolio of solar and onshore wind plants, which enable the consumption of renewable energy at affordable prices.</p>
	<p>The Group is strongly committed to producing electricity responsibly and has taken several steps to adopt sustainable practices primarily through the introduction of the Group's sustainability framework and by starting to report on its sustainability efforts and performance in its sustainability report.</p>
	<p>The Group's renewable energy plants contribute towards climate action by reducing the amount of GHG emissions emitted through electricity generation in the countries where the Group operates in. Last year alone the Group's operations avoided the emission of around 65,000 tCO₂e.</p>

1.4 BACKGROUND AND RATIONALE FOR THE GREEN FINANCE FRAMEWORK

Pacifico Renewables has developed a Green Finance Framework (“Framework”) in order to attract specific funding to (re-)finance assets and/or investments that contribute to the UN SDGs and the EU Environmental Objective of Climate Change Mitigation in particular.

The issuance of green finance instruments complements and supports Pacifico Renewables’ sustainability strategy, including its stated target to increase the Group’s wind and solar portfolio to 400 MW by 2023. This Framework enables Pacifico Renewables to issue “Green” labelled sustainable finance instruments, including bonds, private placements, and loan facilities. In order for an instrument to be labelled as “Green”, it shall follow a clear and transparent set of criteria (the “eligibility criteria”) as defined in the following sections. Additionally, the Pacifico Renewables Green Finance Framework is aligned as much as possible with leading market guidance provided by the Green Bond Principles², the Green Loan Principles³, as well as the proposed EU Green Bond Standard⁴ (July, 2021) and the EU Taxonomy Climate Delegated Act outlining sustainable economic activities contributing to climate change mitigation and climate change adaptation⁵.

² [Green Bond Principles](#) (ICMA, 2021)

³ [Green Loan Principles](#) (APLMA/LMA/LSTA, 2021)

⁴ [Proposed EU Green Bond Standard](#) (European Commission, July 2021)

⁵ [Delegated Act EU Taxonomy for Climate Change Mitigation and Adaptation](#) (European Commission, April 2021)

2. THE PACIFICO RENEWABLES GREEN FINANCE FRAMEWORK

This Framework follows the core components of the ICMA Green Bond Principles (2021) and incorporates the guidance of the proposed EU Green Bond Standard across the following sections:

1. Use of Proceeds
2. Process for evaluation and selection
3. Management of proceeds
4. Reporting
5. External review

2.1 USE OF PROCEEDS

Funds raised through Green financial instruments issued under this Framework will be allocated to finance or refinance⁶, in whole or in part, a variety of assets and/or investments (“Eligible Projects”) with the aim to further contribute to the Group’s sustainability goals and the actions as set out under Pacifico Renewables’ selected UN SDGs.

Eligible Projects are required to meet the eligibility criteria as described in the table below. Those are based on the ICMA Green Bond Principles (2021), mapped against the UN SDGs and aligned with the Technical Screening Criteria as set out on the EU Taxonomy of Sustainable Economic Activities.

Category & SDG mapping	Eligibility Criteria	EU-Taxonomy Economic Activities
Renewable Energy  	<p>The financing, investment in, and acquisition of renewable energy projects, including solar and on-shore wind energy technologies.</p> <p>This includes activities related to construction, expansion, optimization, operation, and maintenance of solar and onshore wind power plants.</p>	<p>4.1. Electricity generation using solar photovoltaic technology</p> <p>4.3. Electricity generation from wind power</p>
Energy Efficiency 	<p>The financing, investment in, and acquisition of battery storage plants.</p> <p>This includes activities related to construction, expansion, optimization, operation, and maintenance of battery storage plants.</p>	<p>4.10. Storage of electricity</p>

⁶ Refinancing is hereby defined as the payback of existing debt or mezzanine instruments.

2.2 PROCESS FOR EVALUATION AND SELECTION

Funds will only be allocated to Eligible Projects if they satisfy the eligibility criteria as highlighted above (section 2.1.). As per the EU classification system for sustainable economic activities (the “EU Taxonomy”) published in the EU Taxonomy Climate Delegated Act (April, 2021), there are no additional thresholds that the activity / project needs to comply with.

In addition to the eligibility criteria, eligible projects need to comply with local laws and regulations, including any applicable environmental and/or social requirements.

The process for evaluation and selection of eligible projects is outlined as following:

- Pacifico Renewables’ internal departments will identify and select projects (existing and in the pipeline) which potentially fulfil the existing eligibility criteria.
- Thereafter, the Green Finance Committee (the “Committee”) will evaluate whether the project satisfies the criteria as outlined in section 2.1. and any other applicable laws and regulations.
- The Committee shall also evaluate the contribution of the project to the UN SDGs and the EU Taxonomy.
- Eligible projects are then added to the Portfolio of Eligible Projects, which can subsequently be included in the issuance of any new Green finance instrument.

The Green Finance Committee is composed of members of different departments within Pacifico Renewables, such as the mergers and acquisitions department, the corporate finance department, the legal department and the Sustainability Working Group. Moreover, the Committee is co-chaired by Christoph Strasser, the designated member of the management board for sustainability who is also the Chairman of the Sustainability Working Group and Dr. Martin Siddiqui, member of the management board, and reviews potential projects (to be) included in the Portfolio of Eligible Projects on at least an annual basis.

Compliance with “do no significant harm” criteria and “minimum safeguards”

The eligible projects financed and / or refinanced through the funds of Green Finance instruments issued under this framework are evaluated and selected based on compliance with the eligibility criteria outlined in section 2.1, the sustainability pillars of Pacifico Renewables, the EU environmental objectives, the relevant metrics, thresholds and, where feasible and possible, the do no significant harm (DNSH) criteria of the EU Taxonomy and applicable national, European and international environmental and social standards and regulations (including, amongst others, the ILO core labour conventions), to ensure management of any potential negative environmental and social impacts. Pacifico Renewables also requires project in its portfolio to be subject to an adequate Environmental Impact Assessments (if and when required by local legislation).

A thorough environmental risk assessment is targeted to be performed in 2021, identified environmental and biodiversity risks should be monitored and mitigated through an environmental management system and social management system which the Group intends to implement subsequently.

2.3 MANAGEMENT OF PROCEEDS

The proceeds of Green finance instruments will be managed on a portfolio basis by the corporate finance department and the Green Finance Committee. Hence, the Corporate Finance representative of the Sustainability Committee shall keep a register containing an overview of all Green finance instruments (including principal amount, maturity date and pricing), and information related to Eligible Projects allocated to these outstanding instruments (such as IFRS balance sheet value and project names). The allocation of proceeds towards Eligible Projects shall be reviewed and approved by the Sustainability Committee on at least an annual basis and until full allocation.

As long as Green finance instruments issued under this Framework are outstanding, Pacifico Renewables will aim to allocate an amount equivalent to the proceeds of these instruments towards the applicable (sub-)portfolio of Eligible Projects. Shall the Group fail to do so, Pacifico Renewables will invest unallocated proceeds as per the Treasury's general liquidity guidelines and keep the unallocated proceeds on its bank account or invest in short term interest bearing securities until new Eligible Projects are approved. Pacifico Renewables commits itself to never invest unallocated funds into instruments that finance GHG intensive activities, or activities that face material ESG issues.

Additionally, in case a specific asset or project is divested, discontinued or does no longer meet the definition of Eligible Project as outlined in section 2.1, it will be removed from the Portfolio of Eligible Projects. In such a scenario, Pacifico Renewables will strive to replace the asset with another Eligible Project within one year if reasonably practicable.

Pacifico Renewables aims to allocate proceeds from Green finance instruments within a maximum period of 2 years after issuance.

2.4 REPORTING

Allocation reporting

On an annual basis, until full allocation or thereafter in case of any material change, Pacifico Renewables will provide investors with information on the allocation of the proceeds of the outstanding Green finance instruments. This information – included under an allocation report – shall be made publicly available on the Group's website.

The allocation of proceeds reporting will therefore provide the following information:

- The total outstanding amount (in EURm) of Green finance instruments
- The total amount allocated to the Portfolio of Eligible Projects, including information on:
 - The composition of the portfolio per Eligible Project category
 - A breakdown by geographical area (country level)
 - A breakdown between financing and refinancing
 - A breakdown of the Eligible Assets by nature of what is being financed (assets, capital expenditures)
- The total amount of the Portfolio of Eligible Projects (in EURm, including therefore the unallocated proceeds, if any)
- Statement of alignment with the EU Green Bond Standard (if applicable)

Impact reporting

On an annual basis, Pacifico Renewables will provide investors with information on the environmental impact of the Green finance instruments. This information – included under an impact report – shall be made publicly available on the Group's website.

Where feasible and available, the reporting will provide environmental impact reporting for the Portfolio of Eligible Projects on the impact indicators as outlined below. Methodologies and assumptions used to evaluate the environmental impact will be disclosed as well.

Category	Potential Impact Indicators
Renewable Energy	<ul style="list-style-type: none">▪ Installed renewable energy capacity (in MW)▪ Renewable energy production (in MWh)▪ Greenhouse gas emission avoidance (in tonnes of CO₂ equivalent)▪ Selected case studies
Energy efficiency	<ul style="list-style-type: none">▪ Total installed battery storage capacity (in MW) and duration (in hours)▪ Selected case studies

In addition to the abovementioned impact indicators, the impact reporting may provide an estimation of adverse environmental and social impacts related to the Eligible Green Project portfolio and how these are managed and mitigated by Pacifico Renewables.

2.5 EXTERNAL REVIEW

Pre-issuance verification

Pacifico Renewables has requested ISS ESG to review the Green finance framework, who has provided a pre-issuance verification in the form of a Second Party Opinion. The Second Party Opinion certifies that the Framework aligns with the core components of the ICMA Green Bond Principles (2021) and aligns with the EU Taxonomy Technical Screening Criteria. The Second Party Opinion is available on the Group's **website**.

Post-issuance verification

The allocation reporting will be reviewed by an independent verifier (such as an external auditor or consultant), which will provide a post-issuance verification addressing the allocated amount of proceeds towards Eligible Projects.

Both the pre- and post-issuance verification reporting will be publicly available on Pacifico Renewable's **website**.

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