

# 2021 GREEN BOND REPORT

We are #SDGsContributors

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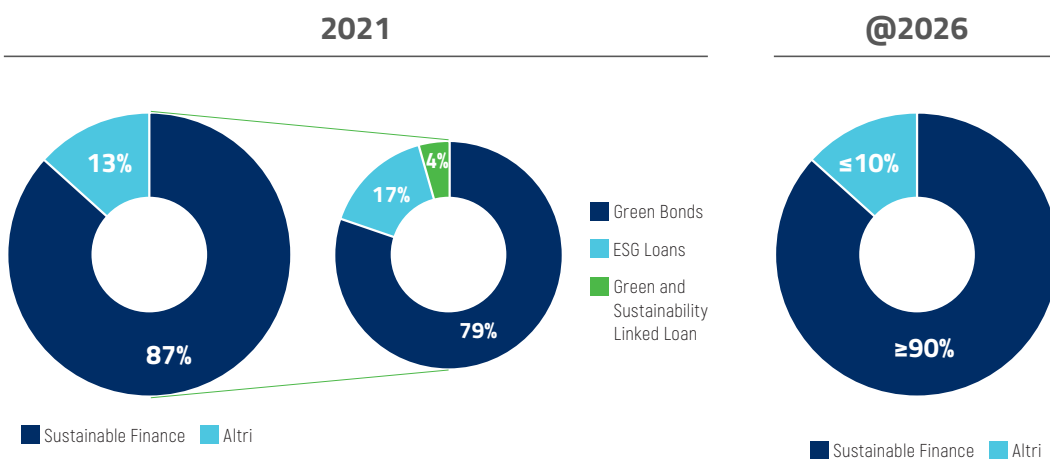
## 1. INTRODUCTION

ERG S.p.A. (hereinafter “**ERG**”) issued three green bonds (“**ERG Green Bonds**”) listed on Luxembourg Stock Exchange, as part of its 3 billion Euro Medium Term Notes (EMTN) programme:

- in April 2019 (“**ERG Green Bond 2019**”), (ISIN XS1981060624) for an amount of Euro 500 million, with a maturity date falling on April 11th, 2025;
- in September 2020, as subsequently tapped in December 2020 (“**ERG Green Bond 2020**”), (ISIN XS2229434852) for a total amount of Euro 600 million, with a maturity date falling on September 11th, 2027;
- in September 2021 (“**ERG Green Bond 2021**”), (ISIN XS2386650274) for an amount of Euro 500 million, with a maturity date falling on September 15th, 2031.

ERG Green Bonds have been set up in accordance with Green Bond Framework updated before each issue (available on ERG website) and aligned with the “Green Bond Principles” published by the International Capital Market Association. The reference documents for the three emissions are available on the ERG website (<https://www.erg.eu/en/investor-relations/green-financing>). Terms and definitions in this report refer to ERG’s Green Bond Framework published on September 1, 2021 (“**Green Bond Framework 2021**”).

ERG is now recognized as one of Italy’s leading green issuers, ranking fifth among Italian corporate issuers in terms of total amount of green bonds. As of December 31, 2021, Sustainable Finance sources accounted for 87% of total gross debt (equal to EUR 2,038 million out of a total of 2,352 million). ERG has set a target of having at least 90% of its funding “Green” by 2026.



## 2. OVERVIEW OF ERG AND COMMITMENTS TOWARDS SUSTAINABILITY

ERG is a European independent power producer present in 9 different countries in Europe.

After an energy transition process initiated more than 10 years ago, ERG has become a major independent producer of electricity from renewable sources in Europe with a leadership position in Italy since 2013.


Consistently with the 2022-2026 Business Plan in its path towards a pure Wind & Solar business model to combat climate change by reducing GHG emissions and by increasing the share of renewable energy in the global energy mix, on January 3rd 2022 the Group has completed the disposal of its hydroelectric portfolio through the sale of the entire share capital of ERG Hydro S.r.l. and on February 9th 2022 executed an agreement to sell to ENEL Produzione S.p.A. the entire share capital of ERG Power S.r.l., owner of 480 MW CCGT plant located in Sicily.

As of the date hereof, ERG has installed capacity of 2.5 GW split between onshore wind (2.2GW) and solar (0.3 GW).




**Renewable installed capacity equal to 2.5 MW**

Following the conclusion of the asset rotation with the sale of the hydroelectric plants and the signing of the agreement for the sale of CCGT plant, on 14 March 2022 ERG approved the update of the 2022-2026 ESG Plan as detailed in the table below:



## PLANET



2025 TARGETS (old plan)	2026 OBJECTIVES
<p><b>1. Carbon Neutrality</b></p> <ul style="list-style-type: none"> <li>- Scope 1 in the plan period</li> <li>- Scope 2 in the plan period</li> <li>- Scope 3 by 2040</li> <li>- Carbon Index -30%</li> </ul> <p><b>2. ≥ 98% Circular Wind:</b></p> <ul style="list-style-type: none"> <li>- &lt;2% Wind repowering waste to landfills</li> </ul> <p><b>3. Energy Efficiency:</b></p> <ul style="list-style-type: none"> <li>- +260 kTEE (Thermo)</li> <li>- +40 GWh (Minihydro)</li> <li>- +8.7 GWh (Solar)</li> </ul>	<p><b>1. Net Zero:</b></p> <ul style="list-style-type: none"> <li>- Scope 1 after Asset Rotation</li> <li>- Scope 2 by 2025</li> <li>- Scope 3 by 2040</li> </ul> <p><b>2. Circular Economy:</b></p> <ul style="list-style-type: none"> <li>- ≥ 98% Circular Wind</li> <li>- ≥ 90% Circular Solar</li> <li>- Circular Solar for social purposes</li> </ul> <p><b>3. Energy Efficiency:</b></p> <ul style="list-style-type: none"> <li>- Wind Reblading (+72 GWh)</li> <li>- Solar Revamping (+59 GWh)</li> </ul> <p><b>4. Biodiversity:</b></p> <ul style="list-style-type: none"> <li>- Assessments on the impact of biodiversity for 100% of internally developed RES plants</li> </ul>



## ENGAGEMENT



2025 TARGETS (old plan)	2026 OBJECTIVES
<p><b>4. Next Generation:</b></p> <ul style="list-style-type: none"> <li>- +20,000 students involved in training initiatives (Italy + abroad)</li> </ul> <p><b>5. 1% for the Community:</b></p> <ul style="list-style-type: none"> <li>- &gt;1% of revenues for local community development</li> </ul> <p><b>6. Trust &amp; Reputation:</b></p> <ul style="list-style-type: none"> <li>- Reputation INDEX score &gt; 65/100</li> </ul>	<p><b>5. ERG Academy for Next Generation:</b></p> <ul style="list-style-type: none"> <li>- 20,000 students involved in training initiatives</li> </ul> <p><b>6. 1% for the Community:</b></p> <ul style="list-style-type: none"> <li>- &gt;1% of revenues for local community development</li> </ul> <p><b>7. Trust &amp; Reputation:</b></p> <ul style="list-style-type: none"> <li>- Top performers in the main ESG ratings</li> </ul>



## PEOPLE



2025 TARGETS (old plan)	2026 OBJECTIVES
<p><b>7. Agile Transformation:</b></p> <ul style="list-style-type: none"> <li>- 75% of employees with personal development plans</li> <li>- 100% of employees involved in up-skilling and re-skilling plans</li> </ul> <p><b>8. Diversity &amp; Inclusion:</b></p> <ul style="list-style-type: none"> <li>- &gt; 20% women among key leaders (Managers and Senior Managers)</li> <li>- &gt; 15% key leaders abroad</li> </ul> <p><b>9. Health &amp; Safety, always:</b></p> <ul style="list-style-type: none"> <li>- No workplace deaths, FI&lt;2, SI&lt;1</li> </ul>	<p><b>8. ERG Academy for our People:</b></p> <ul style="list-style-type: none"> <li>- 80% of employees with personal development plans</li> <li>- 100% of employees involved in training plans</li> </ul> <p><b>9. Diversity &amp; Inclusion:</b></p> <ul style="list-style-type: none"> <li>- ≥ 20% women among key leaders (managers and senior managers)</li> <li>- ≥ 20% key leaders abroad</li> <li>- ≥ 25% women in staff</li> <li>- D&amp;I Certification</li> </ul> <p><b>10. Employees' well-being:</b></p> <ul style="list-style-type: none"> <li>- Flexible benefit Plan</li> <li>- Solidarity Holidays Programme extended to the whole Group</li> <li>- post Pandemic remote working</li> </ul> <p><b>11. Health &amp; Safety, always:</b></p> <ul style="list-style-type: none"> <li>- No workplace deaths, FI &lt; 4</li> </ul>



## GOVERNANCE



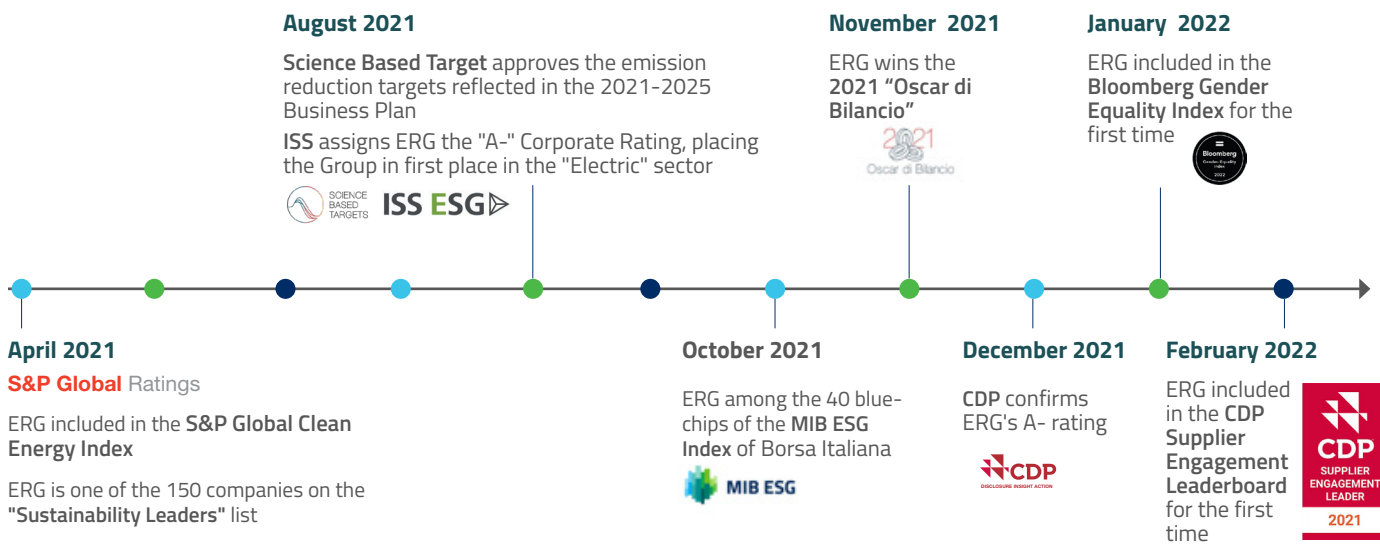
2025 TARGETS (old plan)	2026 OBJECTIVES
<p><b>10. Sustainability Incentives:</b></p> <ul style="list-style-type: none"> <li>- 100% of incentive plans with ESG targets</li> </ul> <p><b>11. Enhancing Governance Model:</b></p> <ul style="list-style-type: none"> <li>- BoD Independence &amp; Diversity, review of the system of powers in project companies</li> </ul> <p><b>12. Tax Control Framework:</b></p> <ul style="list-style-type: none"> <li>- Extension of the Tax Control Framework abroad (FR, D)</li> </ul> <p><b>13. Sustainable Procurement:</b></p> <ul style="list-style-type: none"> <li>- +10 points in the average score of strategic suppliers</li> </ul>	<p><b>12. Sustainability Incentives:</b></p> <ul style="list-style-type: none"> <li>- 100% of incentive plans with ESG targets</li> </ul> <p><b>13. Enhancing Governance Model:</b></p> <ul style="list-style-type: none"> <li>- BoD Independence &amp; Diversity</li> </ul> <p><b>14. Tax Control Framework:</b></p> <ul style="list-style-type: none"> <li>- Tax Control Framework abroad (FR@2023, D@2024)</li> </ul> <p><b>15. Sustainable Procurement:</b></p> <ul style="list-style-type: none"> <li>- +10 points in the average score of strategic suppliers</li> </ul> <p><b>16. ESG Finance:</b></p> <ul style="list-style-type: none"> <li>- ≥ 90% of Sustainable Finance</li> </ul>

Here below 2021 ESG key data<sup>1</sup> and related recognitions and ESG rating score:



ESG DATA

		2021	2020	
<b>PLANET</b> 7 AFFORDABLE CLEAN ENERGY 9 INDUSTRY, BUILDINGS AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	CO <sub>2</sub> avoided (kt)	3,033	2,983	+2%
	Carbon Index (gCO <sub>2</sub> /kWh)	121	150	-20%
<b>ENGAGEMENT</b> 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS	Contribution to local communities	8,803 k EUR	6,981 k EUR	+26%
	Employees at year end	808	784	+3%
<b>PEOPLE</b> 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	Training per employee	6.2 days	4.9 days	+27%
	Composition of the BoD	12	12	+25%



<sup>1</sup> ESG Key data include 2021 Thermo and Hydro plants contribution

ESG RATING COMPANY	RATING
	
	
	
	75/100
	
	
	21.2 Medium Risk
	EE+
	
	81 / 100
	ESG Vulnerability Score = Tier 1

#### ERG ESG rating outcome

The theme of sustainability, at the core of the Group's business principles, is headed by the ERG's Chief Executive Officer supported by the ESG Committee and the ESG, IR & Communication Department.

The ESG Committee is chaired by the Chairman of the Board of Directors and composed of the Executive Deputy Chairman, the Chief Executive Officer and all the top managers, and it is responsible for:

- defining the Group's sustainability guidelines in the medium-long term and promoting consistent practices in the field of corporate social responsibility;
- approving the ESG Initiatives Plan as a constituent part of the Group's Business Plan, overseeing its execution, reaching objectives and the priority intervention areas;

<sup>2</sup> Top managers members of the ESG Committee are: Chief Financial Officer, Chief Operating Officer, Chief Human Capital & ICT Officer, Chief Business Development and M&A Officer, General Counsel, Chief Regulatory & Public Affairs Officer, Chief Engineering Development Officer, Chief ESG IR & Communication Officer.

- approving the Communication Plan addressed to both the external audience and the employees, and promoting the plan's ESG initiatives, enhancing its increasing strategic relevance;
- managing the preparation and dissemination of the "Non-financial Report" (NFR) and other reporting methods related to ESG issues..

The ESG Committee is appointed as Green Bond Committee (the "**Committee**") and is responsible for the Eligible Green Portfolio validation process, with particular attention to:

- identification, review and validation of the Eligible Green Projects in accordance with the defined Eligible Green Project Categories;
- monitoring the Eligible Green Project Portfolio during the life of the Green Bonds. The Committee may decide to remove an Eligible Green Project from the Eligible Green Project Portfolio, if it no longer meets the eligibility criteria;
- monitoring any ESG controversy (such as controversies that may impact local communities or changes in ecosystems) affecting ERG and directly related to an Eligible Green Project. If the Committee deems an eligible project as subject to a major ESG controversy, the Committee will analyse it and may decide to exclude such Eligible Green Project from the Eligible Green Project Portfolio.

In the context of the event held on May 4th, 2022 "PNRR, mercati finanziari e rilancio dell'economia italiana: punti aperti e soluzioni possibili" promoted by Equita, Bocconi University and Borsa Italiana, the issuance of **ERG Green Bond 2021** has been awarded as the third best ESG debit capital market deal in 2021.

### 3. ERG GREEN BOND FRAMEWORK





Prior to each issuance to facilitate transparency and quality of its Green Bonds, ERG published specific Green Bond Framework, aligned to EU Taxonomy and updated in accordance with the ICMA Green Bond Principles 2021.

The Green Bond Framework 2021<sup>3</sup> was assessed by Moody's ESG Solutions (formerly Vigeo Eiris) as external and independent advisor which expressed the highest level of assurance of the ERG's Green Bond Framework in terms of alignment to ICMA Green Bond Principles 2021.

Within the framework, the Eligible Green Project categories related to eligible projects are aligned with the Sustainable Development Goals set by United Nations. ERG Green Bonds support projects having positive environmental impact and contributing to:

- UN SDG 7 Goal (*affordable and clean energy*) increasing the share of renewable energy in the global energy mix;
- UN SDG 13 (*climate action*) taking urgent action to combat climate change by reducing GHG emissions.

<sup>3</sup> ERG Green Bond Framework 2021 is available at <https://www.erg.eu/en/investor-relations/green-financing/green-bond-framework>

Green Bond issuance	Categories	UN Sustainability Development Goals	Allocated Proceeds	Unallocated Proceeds	Installes capacity <sup>(a)</sup>	CO <sub>2</sub> avoided
ERG Green Bond 2019	Renewable power generation facilities		EU mn 500	–	526 MW	641 kt
ERG Green Bond 2020	Renewable power generation facilities		EU mn 600	–	330 MW	242 kt
ERG Green Bond 2021	Renewable power generation facilities	 	EU mn 443	EU mn 57	232 MW	75 kt

<sup>(a)</sup> Note: Installed capacity refers to the Installed Capacity as of 31.12.2021 not including wind farms under construction

#### 4. REPORTING

By publishing this Green Bond Report 2021 (the “**Report**”) ERG is delivering its commitment to report annually on the use of proceeds and environmental benefits resulting from the selected Eligible Green projects until bonds maturities for ERG Green Bond 2020 and ERG Green Bond 2021<sup>4</sup>.

As of 31<sup>st</sup> December 2021, with reference to the outstanding ERG Green Bonds:

- ERG Green Bond 2019 net proceeds have been fully allocated, as per Green Bond Report 2019, and no update reporting is required;
- the 100% of the net proceeds of ERG Green Bond 2020 have been allocated, with a percentage of refinancing capex equal to 42 % of the total net proceeds;
- the 90% of the net proceeds of ERG Green Bond 2021 have been allocated, with a percentage of refinancing capex equal to 10% of the total allocated proceeds.

The Report and its reporting criteria (allocation and impact, including relevant metrics), prepared in compliance with the Green Bond Framework, has been examined and approved by the ESG Committee as of May 16th 2022.

The use of proceeds via a “Green Bond Report” will be publicly available on the ERG website.

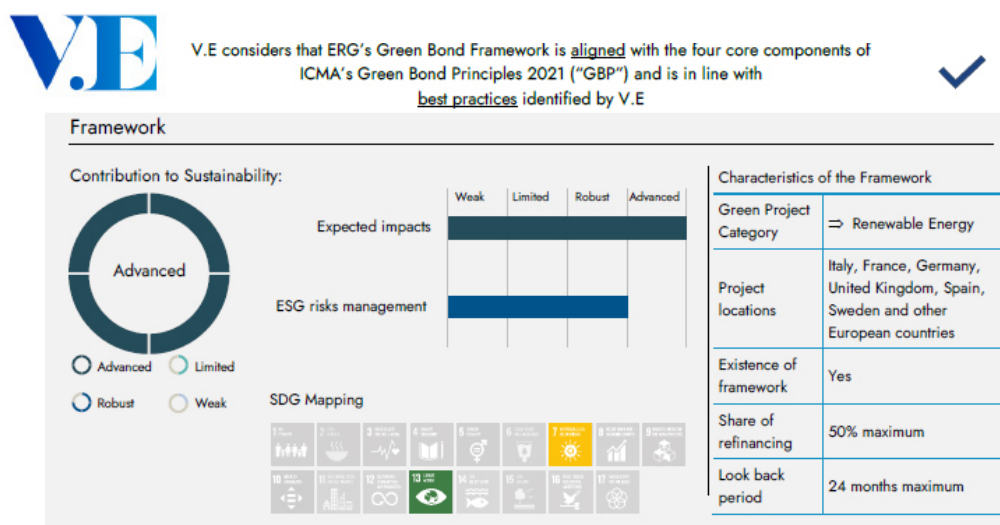
<sup>4</sup> ERG Green Bond 2019 reporting was governed by Green Bond Framework published 2019 requiring impact reporting until full allocation.

## 5. EXTERNAL REVIEW

### 5.1. Second Party Opinion

Moody's ESG Solutions (formerly Vigeo Eiris) deemed the ERG's Green Bond Framework as aligned with the four components of ICMA's Green Bond Principles 2021 and in line with the best practices. This Second Party Opinion document is available on ERG's website<sup>5</sup>.

A summary of this opinion is presented here below:



### 5.2. Post issuance verification

An external independent auditor confirmed that the selected Eligible Green Projects and reporting metrics of ERG Green Bond 2020 and ERG Green Bond 2021 are consistent with the Green Bond Framework 2021. This Third-Party Opinion made by external independent auditor on the Report is attached to this document.

## 6. ALLOCATION REPORT

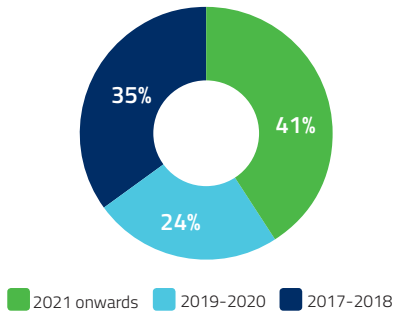
### 6.1. Summary

As of 31.12.2021, the ERG Green Bond 2020 allocated proceeds amount are equal to **EUR 600** mn (100% funds allocated), and the ERG Green Bond 2021 allocated proceeds amount to **EUR 443** mn (90% funds allocated) as detailed in the table 5.2 "Allocation of proceeds and Impact details at the project level", which discloses Eligible Green Projects and reporting metrics.

<sup>5</sup> <https://www.erg.eu/en/investor-relations/green-financing/green-bond-framework>

**a) ERG Green Bond 2020**

**Average life of the Project portfolio**

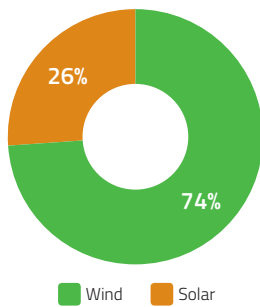


**41%** of the proceeds (Eur 249 mn) were allocated to finance construction of plants with COD occurring in 2021 or onwards.

**35%** of the proceeds (Eur 210 mn) were allocated to finance plants acquired in 2017 and 2018.

**24%** of the proceeds (Eur 141 mn) were allocated to refinance plants acquired or built in 2019 and 2020.

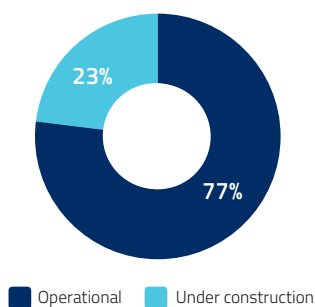
**Eligible Green Project Category**



**74%** of the proceeds (Eur 442 mn) were allocated to Wind Power Generation plants.

**26%** of the proceeds (Eur 158 mn) were allocated to Solar Power Generation plants.

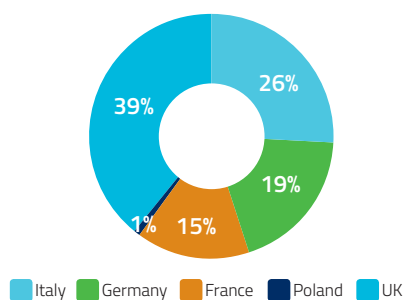
**Project Status**



**77%** of the proceeds (Eur 460 mn) were allocated to project in operation at the date hereof.

**23%** of the proceeds (Eur 140 mn) were allocated to project under construction at the date hereof.

**Allocation by Country**



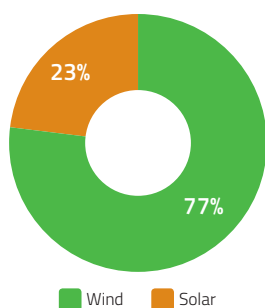
In terms of location, the allocated proceeds involved plants located in **UK** (Eur 234 mn), in **Italy** (Eur 158 mn), in **Germany** (Eur 113 mn), in **France** (Eur 90 mn), and **Poland** (Eur 6 mn), proving the international footprint of the Group.

## b) ERG Green Bond 2021

100% of the allocated proceeds of the ERG Green Bond 2021 (Eur 443 mn) have been allocated to finance the acquisition closed in 2021 (Eur 364 mn) and to finance the construction of plants (Eur 79 mn) with expected COD in 2022 and 2023 boosting ERG renewable capacity growth, 10% of the proceeds of the ERG Green Bond 2021 (Eur 57 mn) are yet to be allocated. In accordance with the Green Bond Framework, unallocated proceeds from the issuance are invested in cash or cash equivalents.

As of 31.12.2021 the ERG Group has cash and cash equivalent available in its book equal to Eur 860 mn

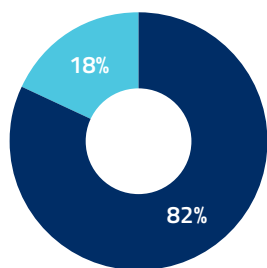
**Eligible Green Project Category**



**77%** of the allocated proceeds of the ERG Green Bond 2021 (Eur 342 mn) were allocated to Wind Power Generation plants.

**23%** of the allocated proceeds of the ERG Green Bond 2021 (Eur 101 mn) were allocated to Solar Power Generation plants.

**Project Status**

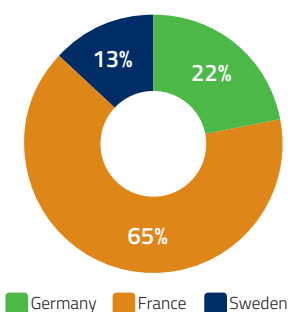


**82%** of the allocated proceeds of the ERG Green Bond 2021 (Eur 364 mn) were allocated to plants already in operation.

**18%** of the allocated proceeds of the ERG Green Bond 2021 (Eur 79 mn) were allocated to plant under construction.

Operational Under construction

**Allocation by Country**



In terms of location, the allocated proceeds involved plants located in **France** (Eur 288 mn), in **Germany** (Eur 98 mn), and in **Sweden** (Eur 57 mn) in accordance ERG Business Plant 2022-2026 growth targets.

None of the selected projects is involved in significant proceedings (administrative or final court judgements) resulting from ESG controversies. Moreover, none of the selected projects has been co-financed by parties other than ERG.

## 6.2. Allocation of proceeds and Impact details at the project level

### a) Green Bond 2020

Eligible Project	ERG Solar Holding 1	Trinity Portfolio	Former Dif Portfolio	Barkow Portfolio	Torfou + Melier	Vent d'est	Windpark Linda	Evishagaran	Sandy Knowe	Creag Riabhach	Craiggore	VAA2 Extention	Piotrkow	Tot. Green Capex
Eligible Category	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	
Eligibility Criteria	Solar Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	
Country	Italy	France	Germany	Germany	France	France	Germany	UK (Northern Ireland)	UK (Scotland)	UK (Scotland)	UK (Northern Ireland)	France	Poland	
Acquisition date	January 2018	February 2020	May 2017	September 2019	May 2018	March 2018	not relevant	not relevant	not relevant	not relevant	not relevant	not relevant	not relevant	
Date of entry in operation	not relevant	not relevant	not relevant	not relevant	not relevant	not relevant	June 2019	Dec 2021	April 2022	August 2022	Dec 2021	Dec 2021	April 2022	
Status @ 31-12-2021	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Construction	Construction	Operation	Operation	Construction	
Total Capacity in MW	68	38	48	34	26	16	22	47	86	92	24	7	25	533
Production actual 2021 (MWh)	95,353	70,247	51,255	70,694	61,420	30,798	38,481	0	0	0	0	0	0	418,247
Emission Factor (g CO <sub>2</sub> /kWh)	472	508	713	713	508	508	713	461	461	461	461	508	843	
Actual benefits (CO <sub>2</sub> savings) - kt	45	36	37	50	31	16	27	0	0	0	0	0	0	242
<b>Green Bond Proceeds allocated (Eu mn)</b>	<b>158</b>	<b>42</b>	<b>14</b>	<b>92</b>	<b>30</b>	<b>8</b>	<b>7</b>	<b>58</b>	<b>71</b>	<b>63</b>	<b>42</b>	<b>10</b>	<b>6</b>	<b>600</b>
% Refinancing	100%	100%	0%	40%	0%	100%	100%	0%	0%	0%	0%	0%	0%	42%
Proceeds allocated to new capacity (Eu mn)	0	0	0	0	0	0	7	58	71	63	42	10	6	256

% of Proceeds allocated to new capacity **43%**

## b) Green Bond 2021

Eligible Project	Joran (Wind)	Joran (Solar)	Erik	Les Bouchat (Champagne I)	Ventoux Germany	Ventoux France (Wind)	Ventoux France (Solar)	Tot. Green Capex
Eligible Category	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	Renewable energy	
Eligibility Criteria	Wind Power Generation plant	Solar Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Wind Power Generation plant	Solar Power Generation plant	
Country	France	France	Sweden	France	Germany	France	France	
Acquisition date	June 2021	June 2021	not relevant	not relevant	Oct 2021	Oct 2021	Oct 2021	
Date of entry in operation	not relevant	not relevant	January 2023	June 2022	not relevant	not relevant	not relevant	
Status @ 31-12-2021	Operation	Operation	Construction	Construction	Operation	Operation	Operation	
Total Capacity in MW	58	22	62	20	55	41	57	314
Production actual 2021 (MWh)	62,742	11,453	0	0	27,507	22,086	12,610	136,398
Emission Factor (g CO <sub>2</sub> /kWh)	508	508	670	508	713	508	508	
Actual benefits (CO <sub>2</sub> savings) - kt	32	6	0	0	20	11	6	75
<b>Green Bond Proceeds allocated (Eu mn)</b>	<b>110</b>	<b>41</b>	<b>57</b>	<b>21</b>	<b>98</b>	<b>55</b>	<b>60</b>	<b>443</b>
% Refinancing	30%	30%	0%	0%	0%	0%	0%	10%
Look-back period (months)	3	3	0	0	0	0	0	1
Proceeds allocated to new capacity (Eu mn)	0	0	57	21	0	0	0	78

% of Proceeds allocated to new capacity **18%**

## 7. REPORTING CRITERIA

Impact reporting: the quantity of CO<sub>2</sub> avoided is determined according to ERG's sustainability reporting procedures, by multiplying actual production to the carbon factor, as extracted from TERNA reporting system as of 30 March 2022<sup>6</sup>.

The Report and its reporting criteria (allocation and impact, including relevant metrics), prepared in compliance with the Green Bond Framework, has been examined and approved by the ESG Committee as of May 16th 2022.

The use of proceeds via a "Green Bond Report" will be publicly available on the ERG website.

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<sup>6</sup> Terna Reports as of 30 March 2022 refers to 2019 global production as per Enerdata source. The indirect emissions are calculated on the basis of conversion factors related to the gross thermoelectric production of each country.

## 8. EXAMPLE OF PROJECT FINANCED

### ERG Green Bond 2020

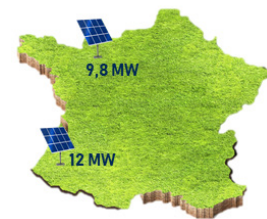
#### WIND POWER PLANT PROJECT: CRAIGGORE



The Craiggore project is a wind farm located in the UK in County Londonderry (Northern Ireland), with a capacity of 23.5 MW. The plant has concluded the commissioning phase and it entered into operation starting in December 2021. The expected output is 87 GWh, corresponding to approximately 40 kt of avoided CO<sub>2</sub> emissions.

### ERG Green Bond 2021

#### SOLAR POWER PLANT PROJECT: JORAN



The two photovoltaic plants located in France, for a total installed capacity of 21,8 MW are part of Joran acquisition concluded by the Group in June 2021. The plants entered in operation in 2018, with an annual output of 28 GWh, corresponding to approximately 14 kt of avoided CO<sub>2</sub> emissions per year.

## 9. INDEPENDENT AUDITORS' REPORT



KPMG S.p.A.  
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### Independent auditors' report on the Green Bond Report

*To the board of directors of  
ERG S.p.A.*

We have been engaged to perform a limited assurance engagement on the Eligible Projects and related Reporting Metrics data as of 31 December 2021 included in the Allocation Report, presented in the attached Green Bond Report 2021 (the "Allocation Report" and the "Green Bond Report") of ERG S.p.A. (the "company") prepared on the basis of the Green Bond Framework dated September 2021 (the "Framework") and available on the company's website, developed by the company in accordance with the Green Bond Principles 2021 issued by the International Capital Market Association - ICMA (the "Principles") and related to the Green Bonds issued on 11 September 2020 and on 15 September 2021 (the "Green Bonds").

#### **Responsibilities of the company's directors for the report**

The directors are responsible for the preparation of the Green Bond Report and of the Allocation Report included therein in accordance with the Framework, developed by the company in accordance with the Principles. In particular, the directors are responsible for the preparation of the Eligible Projects and related Reporting Metrics data included in the Allocation Report in accordance with the Framework.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Green Bond Report and of an Allocation Report included therein that are free from material misstatement, whether due to fraud or error. It also includes identifying the content of the Green Bond Report and of the Allocation Report included therein, selecting and applying policies, and making judgments and estimates that are reasonable in the circumstances.

#### **Auditors' independence and quality control**

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our firm applies International Standard on

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Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### ***Auditors' responsibility***

Our responsibility is to express a conclusion, based on the procedures performed, about the Eligible Projects and related Reporting Metrics data included in the Allocation Report, presented in the Green Bond Report. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board ("IAASB") applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Eligible Projects and related Reporting Metrics data included in the Allocation Report are free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 Revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the Eligible Projects and related Reporting Metrics data included in the Allocation Report are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the Allocation Report, supporting evidence, recalculations and other evidence gathering procedures, as deemed appropriate.

Specifically, we carried out the following main procedures:

- analyzing the second party opinion which addresses the compliance of the Green Bond Framework to the voluntary guidelines of the Principles;
- interviewing relevant staff at corporate and business level responsible for the Green Bond Report management and reporting;
- interviewing relevant staff at corporate and business level responsible for providing and consolidating data related to Eligible Projects and related Reporting Metrics;
- evaluating the design and implementation of the reporting processes and the controls regarding the Eligible Projects and related Reporting Metrics data;
- evaluating a sample of internal and external documentation to determine whether data related to Eligible Projects and Reporting Metrics are supported by sufficient evidence in line with the Framework.



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### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Eligible Projects and related Reporting Metrics data as of 31 December 2021 included in the Allocation Report, presented in the Green Bond Report 2021 of ERG S.p.A., are not prepared, in all material respects, in accordance with the Green Bond Framework dated September 2021.

Genoa, 17 May 2022

KPMG S.p.A.

  
Luisa Polignano  
Director of Audit

## **ERG S.p.A.**

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