



Sustainability-linked financing framework

2020



ALBIOMA

CONTENTS

p.3

1. Introduction

1.1. Albioma in brief	4
1.2. Albioma's specific challenges linked to non-interconnected areas.....	4
1.3. Business model.....	5
1.3.1 Thermal biomass.....	5
1.3.2 Solar PV and advanced storage technology.....	7

p.8

2. A CSR strategy supporting the Group's ambitions

2.1. Albioma's energy transition ambition.....	11
2.2. Albioma's ambition to sustainably use resources.....	13
2.2.1. Sustainable Sourcing of Biomass.....	13
2.2.2. Circular economy	14
2.3. Albioma's ambition to protect biodiversity.....	14

p.15

3. Sustainability-linked financing

3.1. Selection of Key Performance Indicator	16
3.2. Calibration of Sustainability Performance Targets ("SPTs").....	18
3.3. Financing characteristics	20
3.4. Reporting & verification.....	20
3.5. External review	21

INTRODUCTION



1. Introduction

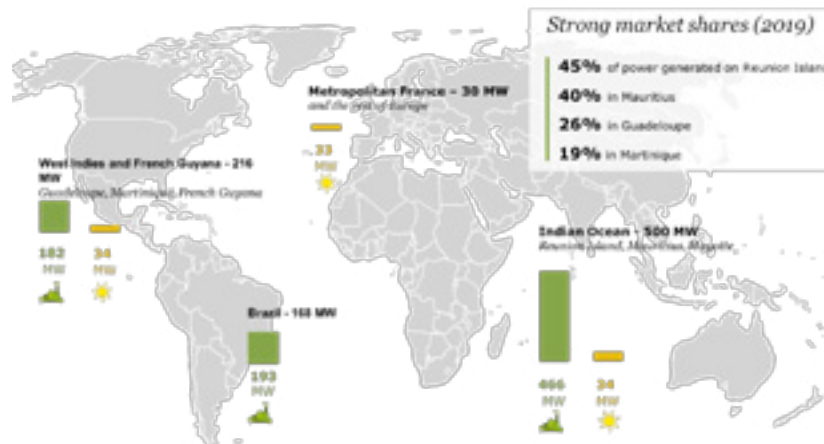
1.1. ALBIOMA IN BRIEF

Albioma is an independent energy producer, committed to the energy transition via the deployment of biomass and photovoltaics.

The Group, which is established in Overseas France, Mauritius and Brazil, has developed a unique partnership for 25 years with the sugar industry, to produce renewable energy from bagasse, a fibrous residue from sugar cane.

Albioma is also the leading generator of photovoltaic power in the French overseas territories where it builds and operates innovative projects, some of them integrating storage capabilities.

Geographical footprint as of December 31, 2019



1.2. ALBIOMA'S SPECIFIC CHALLENGES LINKED TO NON-INTERCONNECTED AREAS

The penetration of renewable energies into the mix is particularly challenging in isolated networks (such as the islands in Overseas France). Indeed, the reduced scale of the grids has historically benefited fossil-fuelled generators (coal, petroleum) in order to provide stable and reliable power to end-users. The design of energy systems that foster the rise of renewable energy while ensuring a reliable and stable power supply are therefore critical for the transition of such isolated territories to lower carbon intensive systems and to address the climate change issue. Some of the key challenges in this transition are the stability of these isolated and small networks when maximizing the renewable part of the local energy mixes, including intermittent sources of energy (solar, wind), as well as the fact that these territories are dealing with specific risks such as hurricanes, earthquakes, and a lack of disposable land.

Combining renewable baseload facilities like biomass with intermittent renewable sources of energy such as solar and wind represents an efficient way to make island territories more independent from fossil fuels, lowering their carbon footprint while ensuring balanced and stable networks.



1.3. BUSINESS MODEL

Albioma's business model development relies on thermal biomass and solar energy.

1.3.1. Thermal biomass



During the sugar campaign which in France lasts between four and six months, the plants operate as cogeneration units, with bagasse as the main fuel. In-between harvesting campaigns, the plants operate using a condensing process in the same way as conventional power plants, using coal. It can be used in a hybrid-combustion configuration to supply energy all year round at a competitive cost while complying with European and French atmospheric emissions standards.

Albioma sells its electricity to the local distributors (such as EDF and the CEB) through long term (>30 years) PPA's. These contracts ensure the Group profitable and predictable cash-flows.

In Brazil, the sugar campaigns lasts nine to ten months and the quantity of sugar cane processed by sugar mills enables the Group's cogeneration facilities to operate using bagasse 24 hours a day all year round (i.e. 11 months out of 12, with the remaining month set aside for annual maintenance).



Albioma Le Gol (Reunion Island)



Galion 2 (Martinique)

¹ PPA : Purchase Power Agreement



Albioma's priority goal is to replace coal with new forms of biomass

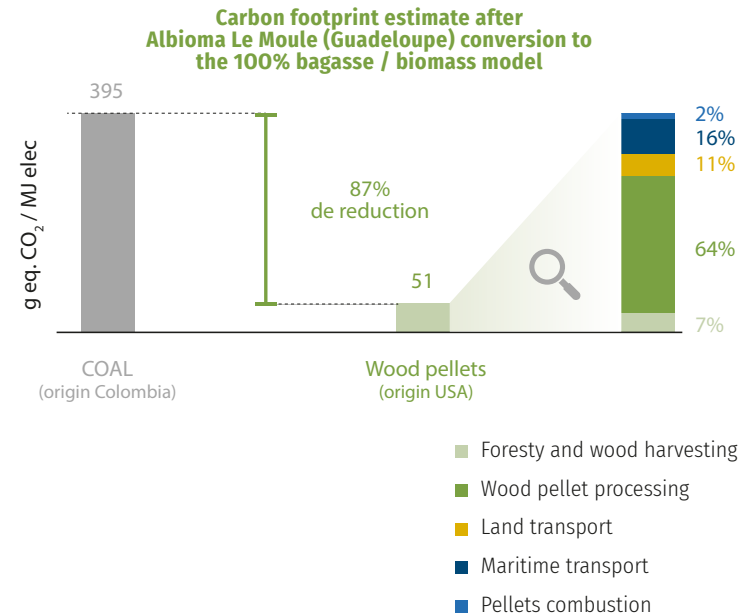
As part of Albioma's strategy to support the energy transition in the various departments and regions of Overseas France and in line with the objectives defined in France's "Energy Transition for Green Growth" Act², Albioma launched a plan in 2012 to phase out coal with new forms of sustainable biomass in addition to bagasse at the French thermal power plants by 2030. The objective is to run the thermal facilities exclusively with biomass all year round. It involves notably converting our existing cogeneration plants to 100% biomass as a substitution for coal, which will have a two-fold positive impact on the energy-mix: removing fossil-fuelled facilities from the grid and increasing the power production from renewable sources at the same time. This plan will take place to the extent feasible and subject to EDF's contract change validation by the end of 2025. Furthermore, all of Albioma's new projects are and will be renewable only.

The transition of Albioma's asset portfolio to all-biomass operation is already well initiated in Overseas France: starting with the commissioning of 100% biomass plants such as Galion 2, the first 100% biomass/bagasse baseload power plant (40 MW) in Martinique in 2018, followed by the commissioning of the Saint-Pierre peak-load combustion turbine (41 MW) on La Reunion Island in 2019, the world's first bioethanol-fuelled power plant. Concerning the conversion of the existing plants to 100% biomass, the works for the conversion of Albioma Le Moule 3 (formerly Albioma Caraïbes) facility (38 MW) are ongoing in 2020 and the plant is expected to restart as early as Q4 2020. This strategy aims to considerably reduce Albioma's GHG emissions and enable the increase of the share of renewable energy in the mix to reach a level between 95% and 100% by 2030.

The Group gives priority to local biomass, while avoiding conflicting uses (cane straw, forest residues, etc.). The objective is to contribute to a circular economy (green waste, etc.). In situations when the local biomass resources are not sufficient, the facilities will use traceable and renewable imported biomass.

Focus on the conversion of Albioma Le Moule

The first plant to be converted to 100% biomass is Albioma Le Moule (formerly Albioma Caraïbes), a 38 MW thermal plant commissioned in 2011 located in Guadeloupe. This represents a net investment of c. €80 million that has a major contribution to the energy transition of Guadeloupe (Guadeloupe's renewable energy mix is expected to increase from 20% to 35% and result in c. 87% reduction of the plant's CO₂ emissions³). The works started end-2019 and the commissioning date is expected for Q4 2020.



² <https://www.ecologique-solaire.gouv.fr/sites/default/files/Energy%20Transition%20for%20Green%20Growth%20Act%20in%20action%20-%20Regions%2C%20citizens%2C%20business%2028%2032%20pages%20-%20juillet%202016%20-%20Versions%20anglaise%29.pdf>

³ Extract from 2018 Deloitte carbon footprint valuation, in accordance with the principles specified by Red II European directive





Port Ouest power plant with storage
(1.34 MWp – La Reunion Island – February 2019)



Sainte-Rose power plant with storage
(3.3 MWp – Guadeloupe – July 2019)



Stade de l'Est power plant with storage
(1.25 MWp – La Reunion Island – April 2020)

1.3.2. Solar PV and advanced storage technology

Albioma has been a pioneer in the development of photovoltaic plants in France and particularly in Overseas France. Albioma remains the photovoltaic industry leader in Overseas France in terms of production. For more than 10 years Albioma has developed a portfolio of around 100 MWp equally distributed between La Reunion Island and Mayotte, West Indies and French Guyana and Western Europe. The Group stepped up its expansion in the solar power market in metropolitan France, with the acquisition of Eneco France in 2018. Created in 2008 and with an innovative positioning in power generation for onsite consumption, Albioma Solaire France (formerly named Eneco France) develops, builds and operates photovoltaic plants on rooftop and agricultural buildings at private properties and industrial facilities in the South of France.

Albioma solar power plants are located in areas free from conflicts of use, either on building rooftops or on land unsuitable for other activities.

Particular attention is paid to recycling end-of-life solar panels, which is strictly controlled by the European Union waste electrical and electronic equipment directive (WEEE).

As solar energy is inherently intermittent, Albioma uses battery-based storage technology at some solar power plants. During the day, this innovative system accumulates energy, enabling it to be subsequently reinjected to the network during evening peak consumption periods. 17 MWp of Albioma's projects coupling PV panels and storage systems have been awarded through Commission de Régulation de l'Energie ("CRE") tender processes for the last three years in the French overseas departments.



**A CSR STRATEGY
SUPPORTING
THE GROUP'S
AMBITIONS**

2. A CSR strategy supporting the Group's ambitions

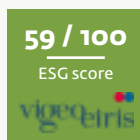
Albioma's CSR policy sets out a clear and ambitious approach in support of the Group's strategy. This policy is presented in the form of a five-year roadmap, organized around the three themes of corporate social responsibility which are Environment, Labour and Society. This approach is a powerful transformative tool for the Group and is formalized by means of a series of commitments corresponding to the Group's material challenges.



PILLARS	MAIN COMMITMENTS & TARGETS
1. Support the energy transition	› 95% to 100% renewable energy by 2030 › Fully replace the use of the coal with biomass at the French thermal power plants by 2030
2. Use resources sustainably	› 10% reduction in water intensity › Maximisation of thermal cogeneration to improve energy efficiency › Waste reduction with coal suppression
3. Protect Biodiversity	› Use of biomass from sustainable sources › Systematic biodiversity risk and impact studies for each new project › Implementation of preservation projects in Overseas territories which stand for 80% of the French biodiversity
4. Ensure occupational health and safety	› Frequency rate less than 8 › Severity rate less than 0,5 › Support of our subcontractors in applying safety requirements
5. Support and motivate employees as we transform our business	› Supporting freedom of association and collective bargaining as universal fundamental rights › Promoting multiculturalism and diversity in its human resources to be a positive factor for the Group's efficiency, creativity, reputation and attractiveness to talented workers
6. Actively promote equal opportunities	› Average of 30% of women in recruitments for 5 years' roadmap › Integration of young people excluded from employment and disabled through apprenticeship and internship
7. Expand our responsible procurement practices	› Ensuring traceability of the biomass supply › Enhancing the inclusion of CSR considerations in purchasing procedures
8. Work more closely with local communities	› Fostering dialogue with third-party stakeholders › Playing a part in driving local socioeconomic development by creating jobs and developing employees' skills › Conducting public interest initiatives that are consistent with our business

In 2017 and again in 2019, Albioma asked Vigeo Eiris, an independent third party, to rate the Group's sustainability performance. In the two years after rolling out its CSR policy, the marked improvement in the non-financial performance was recognised by a nine-point increase in the Vigeo Eiris rating. With a rating of 59 out of 100, Albioma is in the top 20 in the Electricity and Gas companies in Europe.

It should be noted that, since 2016, Albioma has been included in the Gaïa index, which measures the ESG performance of SMEs and mid-cap companies listed on the Paris stock exchange.



Achievement of a robust ESG performance
(+9 points vs 2018)
Top 20 of the sector
(among 65 companies evaluated)

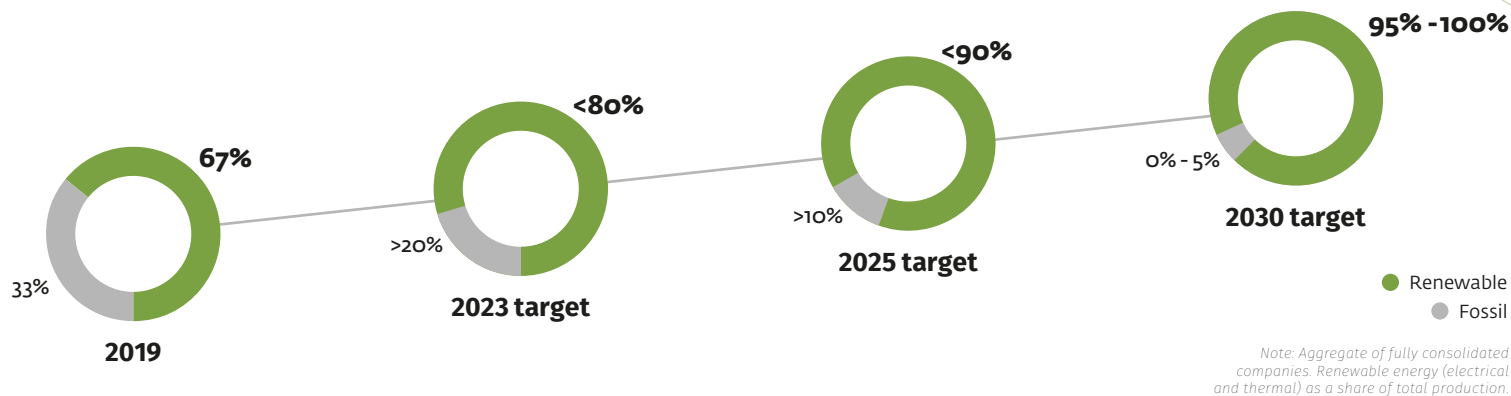


Rewards the best performers
from a panel of
230 SME's and MidCaps



2.1. ALBIOMA'S ENERGY TRANSITION AMBITION

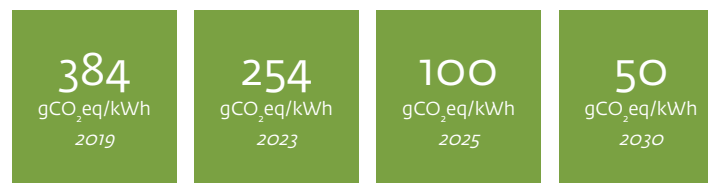
The energy transition is at the core of Albioma's strategy. As early as 2012⁴ and the presentation of its strategic plan, Albioma has channelled its development efforts and investments towards renewable energy projects in biomass and solar. The sustainability of the Group's business model relies on the transition of its energy mix toward an ambitious target of 95% to 100% of production coming from renewable sources in 2030.



In 2019, the major part of the Group production came from biomass. The detailed composition of the 2019 energy mix is as follows:

MIX (%) OF TOTAL ENERGY PRODUCTION		2019
Renewable		67%
Bagasse/biomass		64%
Solar		2%
Bioethanol		0%
Fossil		33%
Coal		32%
Fuel		1%
Total		100%

The increase of the renewables in Albioma's energy mix has a direct influence on the Group's overall carbon intensity as the direct GHG emissions (Scope 1) represent more than 80% of the total emissions (direct and indirect) according to a 2018 carbon accounting.



From direct GHG emissions (Scope 1), excluding the life cycle analysis of generating plant and fuel

⁴ General Meeting – 12 March 2012



In the context of the Paris Agreement, Albioma is committed to assess the compatibility of its strategy with the achievement of the “2°C” target and joined in 2018 the ACT “Assessing low Carbon Transition” (ACT2.0) experimental project run by CDP and ADEME⁵.

The method of the ACT project is partially based on the works of the Sectoral Decarbonization Approach (SDA), developed by the Science Based Targets (SBT) initiative, which enables mapping of the company's desired “2°C pathway” according to a sector approach. While the pilot phase carried out in 2016 with large-cap companies validated the relevance and feasibility of the approach, Albioma was one of the 30 SMEs and mid-cap companies selected for the second phase of the project that commenced in 2018⁶. Based on modelling projections for 2023, this experimental programme confirmed **the compatibility of Albioma's low carbon transition strategy with the 2°C trajectory** defined at the COP21 conference in 2015.

In a summary, Albioma's strategy towards a more renewable production mix is based on three pillars:

1

Act for the energy transition
in French overseas territories

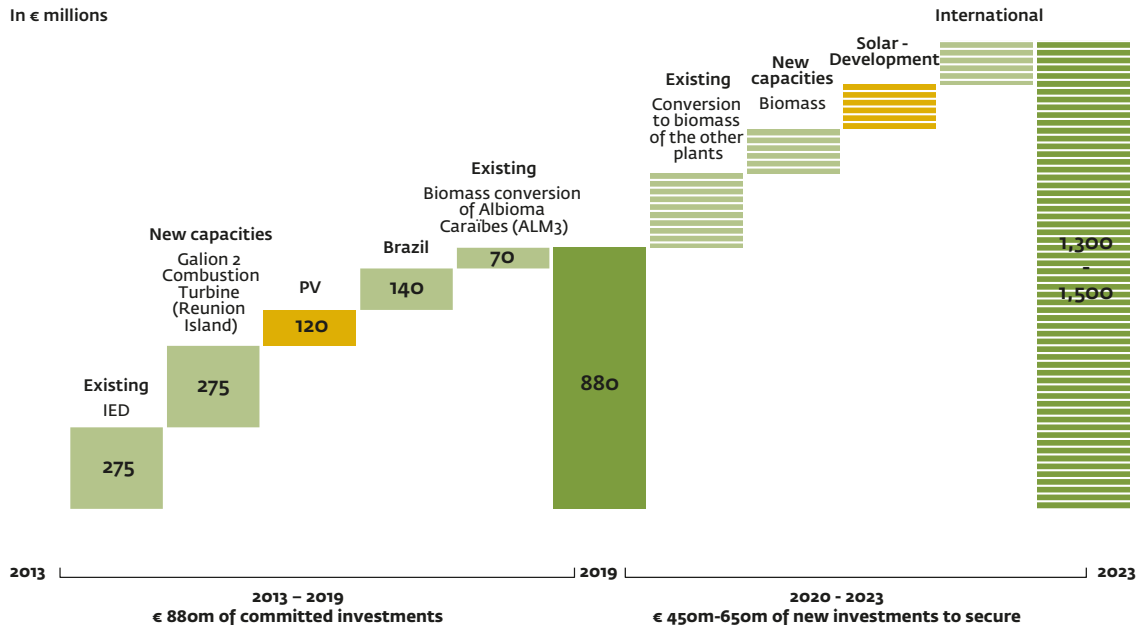
2

Global rollout of Albioma's
expertise

3

Accelerate the development
in solar PV

Albioma's strategy towards a more renewable energy mix is supported by an investment plan focused on 100% renewable facilities and the phase out of coal



⁵ ADEME is active in the implementation of public policy in France in the areas of the environment, energy and sustainable development. ADEME provides expertise and advisory services to businesses, local authorities and communities, government bodies and the public at large, to enable them to establish and consolidate their environmental action. As part of this work the agency helps finance projects, from research to implementation, in its areas of action.

⁶ ACT - French road-test with SMEs and mid-cap companies https://www.ademe.fr/sites/default/files/assets/documents/act_rapport_synthese_010580_en.pdf



Between 2013 and 2023, more than €1 billion will have been invested by Albioma in renewable energy projects. From the building of new facilities (Galion 2, Saint-Pierre Combustion Turbine, Vale do Parana (Brazil)) to the development of solar projects, the acquisition of 100% bagasse-run plants in Brazil and the conversion to biomass of the existing facilities, each of Albioma's new investment contributes to the improvement of the energy production mix.

The Group is exploring new opportunities by investing in research and development on topic such as the integration of storage systems and PV plants through efficient energy management systems, the optimization of the combustion of solid recovered fuels (SRF) or the recovery of combustion by-products.

Since 2000, in Mauritius, Albioma has been successfully developing its partnership model with the agro-industrial sector. Today, Albioma produces 45% of the electricity on the island. In 2014, this unique know-how enabled the Group to roll out its original model in Brazil, the world's leading producer of sugar and of ethanol obtained from sugar cane. Brazil naturally remains the international priority for the coming years.

With the ambition of continuing the development of its model at a sustained pace, Albioma is also studying other opportunities for biomass recovery or other sources of renewable energy, without any conflict of use, in Latin America and South-East Asia.

2.2. ALBIOMA'S AMBITION TO SUSTAINABLY USE RESOURCES

2.2.1. Sustainable Sourcing of Biomass

As part of the Group's transition strategy and in consistency to its commitment to contribute to the French Climate Plan, Albioma develops the sourcing of new forms of sustainable and traceable biomass in its French thermal power plants:

- In addition to bagasse supplies, Albioma gives priority to locally available biomass resources, free from conflicts of use and contributing to a circular economy (green waste, shredded shipping pallets, etc.).
- Traceable and renewable imported wood pellets is sourced to top up and short falls in supply.

Biomass sourcing is a part of Albioma's responsible procurement program in its CSR roadmap. The Group's first concern is to ensure biomass is compliant with appropriate legislation for delivery to the European Utility markets. The Group applies a strict traceability system covering the full supply chain, from collection of the wood waste to its subsequent shipping and unloading in ports in Overseas territories. This due diligence process offers the necessary guarantees to minimise the risk of trading illegally logged timber, and at the same time, to ensure compliance with the European Union Timber Regulation.

The second concern is to ensure the wood for pellets is managed, sourced and harvested sustainably. Albioma relies on forest certification programs, including the Forest Stewardship Council® (FSC®), the Program for the Endorsement of Forest Certification (PEFC) and the Sustainable Biomass Program (SBP), through supplier requirements in contracts.

Conscious of the risks to biodiversity and ecosystem balance potentially created by non-sustainable forest management, Albioma proactively introduced contract provisions and 100% of the biomass suppliers obtain forestry certification, thereby ensuring that forests are managed sustainably, and appropriate biodiversity protection measures are implemented. Furthermore, the procedures adopted by Albioma include assessing the risk of biomass suppliers delivering protected species. Where applicable, risk mitigation procedures are implemented (collection of additional information, stakeholder/expert consultation, supplier auditing, timber testing...).



2.2.2. Circular economy

Albioma's strategy is entirely consistent with a "circular economy" philosophy, with an emphasis on strong local roots and long-term job creation. The partnership with the sugar cane industry Albioma has been developing for the past 25 years is always source of innovation. For example, in 2019, the Group commissioned the world's first peaking combustion turbine to run partly on bioethanol produced by distilling molasses from sugar cane grown on Reunion Island.

Albioma is also fostering a promising new industry in the French Overseas Departments: the waste-to-energy conversion of solid recovered fuel, which consists of the ultimate waste from dustbins after sorting and separating out the recyclable materials. In terms of responding to the challenge of waste treatment in island regions, this effort offers an effective alternative to landfill dumping and the development of recycling industries.

Finally, the Group has set a goal of increasing the share of waste reused. Combustion by-products account for most of the solid waste generated by the thermal power plants. Each year, more than 115,000 tonnes of bagasse ash are spread onto fields, in accordance with local regulations. The next step was taken in 2019 in preparation for the conversion of Albioma's plants in the French Overseas Departments. Working with an R&D lab, Albioma is trialling the reuse of wood and bagasse ash as a substitute raw material in the construction industry.

2.3. ALBIOMA'S AMBITION TO PROTECT BIODIVERSITY

It is Albioma's responsibility as an electricity producer to provide a service without jeopardizing resources for future generations, while also strengthening the social fabric of society.

Albioma identifies protecting biodiversity as one of the three core commitments of the Group's environmental policy. For each new project, Albioma conducts biodiversity risk and impact studies. These studies may result in biodiversity offset measures or recommendations (e.g. adapting facilities or blending them into the landscape, creating natural habitats, etc.), which are systematically taken into account and implemented by the Group.

Building on the dynamic in support of biodiversity, Albioma became an active member of the Foundation for Research on Biodiversity in 2018, via an "action club" devoted to Overseas France. The work of this action club culminated in the approval of a joint scientific project, involving the Office français de la biodiversité and IUCN, among other partners. This project, which will be carried out over the course of 2020, aims to map biodiversity pressures, as defined by IPBES, and the intensity of their impact on biodiversity in each overseas territory.





SUSTAINABILITY-LINKED FINANCING



3. Sustainability-linked financing

This Sustainability-linked financing framework (“framework”) represents the next step in aligning Albioma’s business and financing with its commitments and values, by creating a direct link between the energy transition ambition and the funding strategy.

The framework has been developed according to the Sustainability-Linked Bond Principles (“SLBP”) 2020 hosted by ICMA⁷ and the Sustainability-Linked Loan Principles (“SLLP”) 2020, hosted by LMA-APLMA-LSTA⁸. Both are sets of voluntary guidelines which recommend structuring features, disclosure and reporting.

In the case of both Sustainability-Linked Bonds (“SLB”) & Sustainability-Linked Loans (“SLL”), the core of the framework is focused on the selection of KPI, calibration of Sustainability Performance Targets (“SPTs”), instruments structuring, reporting and verification. Most of these features will be common to all sustainability-linked instruments. We draw the few nuances between them when necessary.

3.1. SELECTION OF KEY PERFORMANCE INDICATOR

The Sustainability KPI selected under this framework is, each year, the **Energy Mix** and will be relevant for SLB and SLL.

Definition

The Energy Mix indicator measures the share of Renewable Energy volumes in (GWh) in the Energy Production Mix for any given year.

The indicator is calculated as the ratio of two values:

- Numerator: The production of Renewable Energy

“Renewable Energy” means the production of energy of the Issuer per calendar year (expressed in GWh) which is renewable because it comes from sustainable sources such as biomass, solar, geothermal energy and wind. It is specified that the biomass taken into consideration for this purpose (i.e production of energy) will be the biomass fuels produced from the advanced feedstock listed in Part A of Annex IX of Directive (EU) 2018/2001⁹ at the date hereof (attached as an appendix). Any future amendments or change to the content of such Annex IX will not be taken into account in the KPI calculation methodology.

- Denominator: The Total Energy Output

“Total Energy Output” means the production of energy from all sources of the Issuer per calendar year (expressed in GWh).

⁷ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-linked-bond-principles-slb/>

⁸ <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001&from=FR>, as per the Manufacture of Biomass, Biogas and Biofuels’ Technical Screening Criteria set by the TEG final report on the EU Taxonomy published in March 2020.



Scope

The indicator covers Albioma's fully consolidated activities and then excludes the minority stakes. Acquisitions are taken into account as of January 1st of the current year (on a pro forma basis) to the extent possible or as of the following year.

Rationale

At the heart of the Group's energy transition strategy (see 2.1. p. 11), the Energy Mix indicator is the cornerstone of the company's reporting and has been published since 2012.

The KPI is:

- ▶ Relevant, core and material to Albioma's overall business and of high strategic significance to the issuer's current and/or future operations:
  - Energy transition, and related climate change mitigation issue, is one of the main sustainability issues at stake considering Albioma's activities and stakeholders. The share of renewables in the mix is a critical component of Albioma's direct GHG emissions and it should be noted that Albioma's scope 1 emissions represent more than 80% of the total emissions (direct and indirect)
  - This pivotal shift indicator reflects Albioma's strategic move towards renewable energy sources and disengagement from coal
  - It is "a means indicator" that is consistent with Albioma's ambition for low-carbon energy production;

- ▶ Measurable and quantifiable on a consistent methodological basis, as previously defined;
- ▶ Externally verified by Albioma's independent auditor. The volumes of Energy production are independently verified before their annual publication;
- ▶ Benchmarkable:
  - An absolute metric that can be benchmarked with Albioma's own performance. Albioma produces electricity and heat from bagasse during the sugar harvest period only
  - The use of bagasse and its impact in Albioma's energy mix due to seasonality make Albioma quite specific. Thus, the benchmarking exercise against peers in the power production sector is not straightforward
  - However, the share of renewables in the mix is a critical component of Albioma's carbon intensity and therefore allows a degree of benchmarking against science.



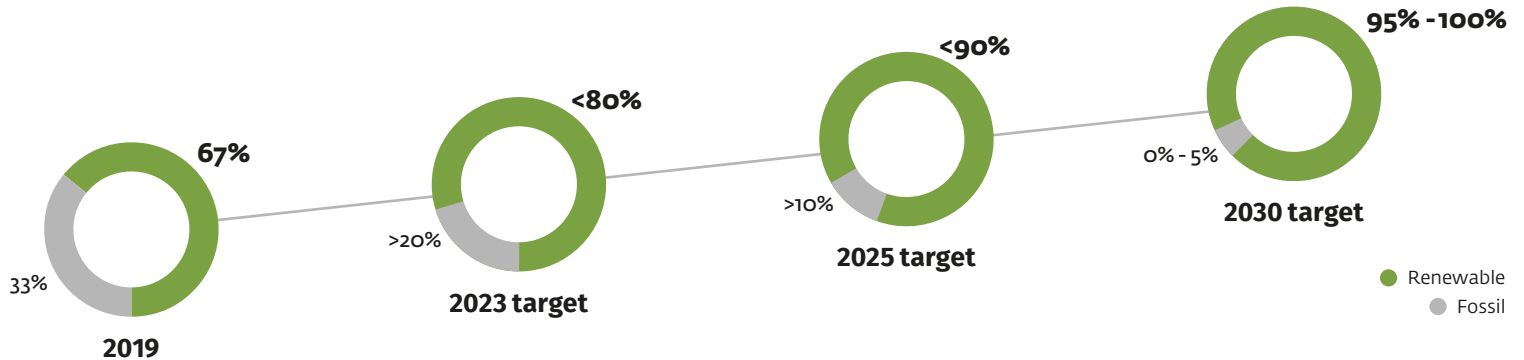
Biomass shed - Galion 2 (Martinique)



3.2. CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (“SPTs”)

Description

The Sustainability Performance Targets (SPTs) will be set in line with Albioma’s Energy Mix targets. Albioma aims to reach a level between 95% to 100% of Renewable Energy by 2030 with intermediate steps of more than 80% by 2023 and more than 90% by 2025.



The number of SPTs will vary depending on the maturity of the considered Sustainability-linked financing instrument and will be detailed for each financing in a document called the pre-issuance template, included in the dedicated SLB or SLL documentation (see ANNEX 1).

The performance against each SPT will be observed and published as part of the annual financial report that will be made available through the Universal Registration Document published on Albioma’s website¹⁰.

Rationale

These SPTs represent a **material improvement in the KPI** as:

Albioma’s transition strategy **goes beyond the Group’s obligations** related to its Power Purchase Agreements (PPAs) or to applicable laws and regulations. The SPTs are consistent with the French Act no. 2015-992 of 17 August 2015 on energy transition for green growth that introduced the objectives for the overseas departments and regions to increase the proportion of renewable energies in these areas to 50% by 2020, and to achieve energy self-sufficiency by 2030.

¹⁰ <https://www.albioma.com/en/finance/regulated-information/>



The achievement of the SPTs will rely on Albioma's ability to conduct its plans to:

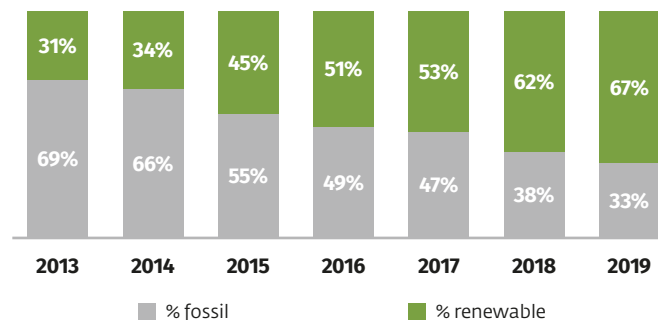
- ▶ Complete the conversion of one of the existing bagasse/coal-fired plants on La Reunion Island by end-2023 (either Albioma Bois-Rouge or Albioma le Gol);
- ▶ Complete the conversion of another of its existing bagasse/coal-fired plant plants from 2025 onwards;
- ▶ Develop internationally three new all-biomass production facilities; and
- ▶ Accelerate the development of the solar asset portfolio.

The shift from an asset portfolio including fossil-fuelled power plants to a c. 100% renewable power plant portfolio requires **investing over time in complex and capital-intensive projects**:

- ▶ The conversion to biomass of Albioma's existing facilities accounts for more than half of the Group investment plan since 2013;
- ▶ These investment plans cover historical facilities that account for a major part of the power production on their territories and they have to be conducted without disrupting the grid;
- ▶ More generally a large number of stakeholders (regulator, State, grid operator, seaport operator, sugar producers etc.) that have constrained time frames are directly involved. Securing permits and PPA on a predefined timeline is therefore a challenging task.

These SPTs are critical components of Albioma's overall decarbonisation strategy and thus allows some benchmarking against science. As previously mentioned, Albioma's 2023 target has been assessed as compatible with a 2°C trajectory in the frame of the ACT «Assessing low Carbon Transition» (ACT2.0) experimental project run by CDP and ADEME.

Albioma's track record over time¹¹



¹¹ Pro forma full year Albioma Solaire France (previously Eneco) and Albioma Esplanada (Jalles Machado) and excluding Methaneo, sold in 2018



3.3. FINANCING CHARACTERISTICS

The financial characteristics of the instrument, be it in a bond (PP, bond) or loan (term loan, RCF) format, will be impacted depending on the achievement or failure of the SPTs indicated in the previous section of this framework. Performance against the SPTs, representing the instrument's trigger events, will be observed at each observation date. The observation dates will be detailed for each financing in the pre-issuance template, included in the SLB or SLL documentation (see appendix 2).

The variation in the instrument's characteristics will impact either the coupon/ interest rate and/or on the redemption price and/or in the case of loans take the form of compensatory measures. The scale of these impacts aims at being meaningful and commensurate.

The exact mechanism and impacts of the achievement or failure to reach the pre-defined SPTs will be detailed for each financing in the pre-issuance template. Such document will detail KPI definition, calculation methodologies, SPTs & trigger events, financial/structural characteristics variation mechanisms, as well as where needed any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, and language to take into consideration potential exceptional events or extreme events, including drastic changes in the regulatory environment that could substantially impact the calculation of the KPI, the restatement of the SPT, and/or proforma adjustments of baselines or KPI scope.

3.4. REPORTING & VERIFICATION

By 30th of June of each year and until the maturity of the sustainability-linked instrument, Albioma will make readily available the following information on its corporate website and/or as part of its annual reporting:

- ▶ Externally verified performance level of the KPI selected against the SPT (i.e. as post-issuance external review), disclosed through a verification report provided by Albioma's independent auditor. After each trigger event of any SLB a verification report by an independent external auditor will be provided to the bond holders confirming the performance against the SPTs and the related impact, and timing of such impact, on the bond financial characteristics;
- ▶ Any update in Albioma's CSR strategy or any recent announcements, strategic decisions and means mobilized that might impact the achievement of the SPT(s);
- ▶ Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance of the selected KPI ;
- ▶ The evolution of the products mix as drivers of the KPI: Number of sites converted and associated production; Share of locally sourced biomass; Share of capex & R&D dedicated to renewable or energy storage, proportion within the Total Energy Output between the different type of renewable energies;
- ▶ When possible, illustration of the positive sustainability impacts of the performance improvement (e.g. translation of the positive climate impact of the KPI on the Group's carbon intensity).



3.5. EXTERNAL REVIEW

Albioma has appointed Vigeo Eiris to provide an independent Second Party Opinion report (“SPO”) on this framework. The SPO will be made publicly available on Albioma’s corporate website.

- ▶ The scope of verification is the alignment of the Sustainability-Linked Financing framework with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles. To do so, the SPO mandate included the assessment of:
- ▶ Relevance of the issuer as a company in transition, and the KPI chosen according to sector specifics;
- ▶ Reliability & robustness of the KPI and of the data supporting them (measurement robustness, track record, definitions, clarity of calculation methodology, relevance, soundness);
- ▶ Ambition of the targets’ calibration rationale, validity of the claim attached to the financing instrument, relevance of the benchmarks and baselines, quantitative & qualitative explanations about the trajectory (i.e. milestones);
- ▶ Credibility of the climate strategy and means to be mobilized by the company to achieve the targets.



Reunion Island



Rio Pardo, Brazil



Appendix 1

ADVANCED FEEDSTOCK LISTED IN PART A OF ANNEX IX OF DIRECTIVE (EU) 2018/2001

- (a) Algae if cultivated on land in ponds or photobioreactors;
- (b) Biomass fraction of mixed municipal waste, but not separated household waste subject to recycling targets under point (a) of Article 11(2) of Directive 2008/98/EC;
- (c) Biowaste as defined in point (4) of Article 3 of Directive 2008/98/EC from private households subject to separate collection as defined in point (11) of Article 3 of that Directive;
- (d) Biomass fraction of industrial waste not fit for use in the food or feed chain, including material from retail and wholesale and the agro-food and fish and aquaculture industry, and excluding feedstocks listed in part B of this Annex;
- (e) Straw;
- (f) Animal manure and sewage sludge;
- (g) Palm oil mill effluent and empty palm fruit bunches;
- (h) Tall oil pitch;
- (i) Crude glycerine;
- (j) Bagasse;
- (k) Grape marcs and wine lees;
- (l) Nut shells; (m) Husks;
- (n) Cobs cleaned of kernels of corn;
- (o) Biomass fraction of wastes and residues from forestry and forest-based industries, namely, bark, branches, precommercial thinnings, leaves, needles, tree tops, saw dust, cutter shavings, black liquor, brown liquor, fibre sludge, lignin and tall oil;
- (p) Other non-food cellulosic material;
- (q) Other ligno-cellulosic material except saw logs and veneer logs.



Appendix 2

PRE-ISSUANCE TEMPLATE

ISSUE SIZE	[ ]
ISSUE DATE	[ ]
MATURITY	[ ]
CURRENCY	[ ]
COUPON	[ ]
SUSTAINABILITY STRUCTURE	General Corporate Purpose
TARGETED SDG	
KEY PERFORMANCE INDICATOR (KPI)	
KPI DEFINITION AND DESCRIPTION	
CALCULATION METHODOLOGY	
SUSTAINABILITY PERFORMANCE TARGETS (SPTS)	
SPTS	
TARGET END GOAL	
CHARACTERISTICS	
MECHANISM DESCRIPTION	
STEP-UP COUPON:	[ ] bps
STEP-DOWN COUPON:	[ ] bps
DEMONSTRATION OF THE AMBITION OF THE INCENTIVE MECHANISM	
DISRUPTION IN SPT CALCULATION OR OBSERVATION	



Read all our publications at www.albioma.com



**It's time to
change energy!**

Tour Opus 12
La Défense 9
77 esplanade du Général de Gaulle
92914 La Défense cedex
France

T.: +33 (0)1 47 76 67 00

contact@albioma.com

