

Sustainalytics Second Party Opinion

AEI Green Bond Framework

27 May 2025

Framework owner and location:
UAB Atsinaujinančios Energetikos
Investicijos
Vilnius, Lithuania

Sector:
Financial Services

Overall Assessment

Sustainability Contribution



Principles Alignment

✓ **Aligned**

Green Bond Principles 2021

Contribution to SDGs



Assessment Summary

UAB Atsinaujinančios Energetikos Investicijos has developed the AEI Green Bond Framework dated May 2025 under which it intends to issue green bonds to fund projects in the Baltic states and Poland in one environmental category.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the Sustainability Contribution of the Framework's single use of proceeds category.

AEI intends to finance environmental expenditures in Renewable Energy, with a focus on energy generation from onshore wind and solar photovoltaic sources and their related support infrastructure. Such renewable energy projects play a critical role in enabling zero emission energy generation.

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

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Breakdown per Use of Proceeds Category

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the Sustainability Contribution of the Framework's single use of proceeds category.

Category	Sustainability Contribution Level	Weight
Renewable Energy	 <div>NeutralModerateSignificantStrong</div>	100%

Issuer Overview & Sustainability Strategy

AEI is a closed end investment company managed by Lords LB Assets Management. AEI was established in 2020 under the Law on Collective Investment Undertakings Intended for Informed Investors of the Republic of Lithuania and is regulated by the Bank of Lithuania. AEI is headquartered in Vilnius, Lithuania, and focuses on investments in renewable energy projects in Lithuania, Latvia, Estonia and Poland. As of 2025, AEI group companies have 16 employees and manages a renewable energy portfolio of 188.1 MW in Lithuania and 182.5 MW in Poland.¹

AEI's sustainability strategy and mandates are guided by those of Lords LB Assets Management. Lords LB Assets Management integrates environmental and social factors into its investment and management processes through key principles, including: i) incorporating ESG issues and sustainability risks into investment analysis and decision-making processes; ii) incorporating ESG issues into ownership policies and practices while engaging directly with stakeholders to identify financially material sustainability risks and opportunities; iii) seeking appropriate disclosures on ESG issues with the entities in which it invests; and iv) reporting on targets, measures and progress made towards implementing the principles. Furthermore, Lord LB Assets Management's approach entails managing risks and conflicts of interest through sustainable governance and ensuring that it does not make potential investments in companies that fall under its Exclusions List.²

AEI commits to contribute to the EU's goal of achieving carbon neutrality by 2050. AEI's core initiatives focus on refinancing capital expenditures and operational expenditures of renewable projects, making investments in renewable energy assets and development projects, and investing in companies within the renewable energy sector, such as those developing wind and solar power plants. AEI also prioritizes workplace safety and wellbeing through safe working conditions, fair wages and respect for employee rights as part of its broader commitment to a sustainable society.³

Lords LB Assets Management's sustainability and responsible investing governance structure is also applicable to AEI. The Management Company's Board sets the strategic direction by adopting the Responsible Investing Policy, while the CEO oversees sustainability reporting and KPI monitoring. The ESG Committee evaluates and approves projects financed by green bonds and the ESG Manager provides tools, methodologies and expertise to integrate sustainability into daily operations and investment processes. Fund Managers implement the sustainability strategy, assess ESG risks and opportunities, and engage with stakeholders. The Compliance Officer ensures regulatory adherence, while the Chief Risk Officer monitors sustainability risks. Furthermore, the Internal Auditor reviews the Management Company's sustainability performance and identifies improvement opportunities.⁴

Lords LB Assets Management reports annually on its sustainability activities and progress via a sustainability report on its website. This report includes information on the share of sustainable investments in the portfolio, relevant qualitative data, contribution to the SDGs and main objectives for the upcoming year.⁵

¹ AEI Green Bond Framework.

² Lords LB Assets Management, "Responsible Investment Policy", at: <https://lordslb.lt/en/responsible-investment-policy/>

³ AEI Green Bond Framework.

⁴ Lords LB Assets Management, "Responsible Investment Policy", at: <https://lordslb.lt/en/responsible-investment-policy/>

⁵ Ibid.

Principles Alignment

We have assessed the AEI Green Bond Framework as follows:

Green Bond Principles 2021 – **Aligned**

AEI intends to issue green bonds under the Framework.

Principles Alignment Detailed Evaluation

Use of Proceeds

Aligned

Alignment with core requirements

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

Additional considerations

- ▶ AEI has committed to the following practices, which go beyond the core requirements:
 - ▶ AEI has defined a look-back period of 36 months for refinancing of opex.

Project Evaluation and Selection

Aligned

Alignment with core requirements

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

Additional considerations

- ▶ AEI has committed to the following practices, which go beyond the core requirements:
 - ▶ AEI describes how eligible projects support its overarching sustainability objectives and strategy.
 - ▶ AEI indicates the SDGs to which it expects to contribute through eligible projects.
 - ▶ The Framework excludes the financing of fossil fuel related activities.

**Management of
Proceeds**
Aligned*Alignment with core requirements*

- ▶ The Framework describes a governance structure, including assigning responsibility for the management of proceeds.
- ▶ The Framework describes the processes and systems that will be used to track the proceeds.
- ▶ The Framework describes the intended temporary placement for the balance of unallocated proceeds.

Additional considerations

- ▶ AEI has committed to the following practices, which go beyond the core requirements:
 - ▶ AEI intends to allocate all proceeds to eligible projects within 24 months of issuance.
 - ▶ Pending full allocation, temporary proceeds will be held in cash, cash equivalents or other liquid marketable assets in accordance with AEI's general liquidity requirements.
 - ▶ AEI will obtain assurance from a third party for its allocation of bond proceeds.
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Reporting**Aligned***Alignment with core requirements*

- ▶ AEI will provide an annual allocation report until full allocation of proceeds and renew it in case of material changes until maturity.

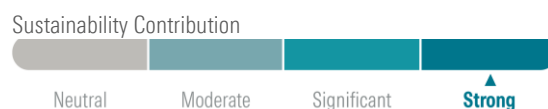
Additional considerations

- ▶ AEI has committed to the following practices, which go beyond the core requirements:
 - ▶ AEI will publish a category and project-level allocation report.
 - ▶ AEI will report on the quantitative impacts of projects using relevant metrics, where feasible.
 - ▶ The Framework indicates at least one impact metric for the category.
 - ▶ Allocation and impact reports will be published on the AEI management company's website.

Sustainability Contribution

AEI intends to use the proceeds from bonds issued under the Framework to finance and refinance capex and opex of renewable energy projects, which are expected to lead to environmental benefits in the Baltic states and Poland.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the Sustainability Contribution of the Framework's single use of proceeds category.



Sustainability Contribution per Use of Proceeds Category

Renewable Energy



We have assessed the Sustainability Contribution of the Renewable Energy category as **Strong**.

Investments under the category include the financing of renewable energy generation projects from wind and solar sources as well as related support infrastructure. Wind and solar generation projects are critical to achieving the goals for zero emission energy generation.

Category Expenditures

Expenditure	Description
Wind generation	► Onshore wind farm development, building and management, as well as related support infrastructure
Solar power generation	► Solar energy development, building and management, as well as related support infrastructure. ► Expenditures will be limited to solar PV technology.

Analytical Commentary

Electricity and heat generation were responsible for approximately 44% of global CO₂ emissions from fuel combustion in 2022.⁶ Unabated fossil fuels continue to account for over 60% of the total global electricity generation. In order to achieve a net zero emissions scenario by 2050, the share of unabated fossil fuels would need to decrease to below 30% by 2030, while the share of renewable energy must increase to 90% by 2050.^{7,8}

The average life cycle emissions from electricity generation are 14.4 gCO₂/kWh for onshore wind and 50.9 gCO₂/kWh for solar PV.⁹ These life cycle emissions intensities are well below the technology agnostic threshold of 100 gCO₂e/kWh, which is consistent with limiting the global temperature rise to 2°C.¹⁰ Overall, investments under the category are expected to contribute strongly to zero emission energy generation.

⁶ IEA, "Greenhouse Gas Emissions from Energy Data Explorer", (2024), at: <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>

⁷ IEA, "Electricity – Tracking", (2023), at: <https://www.iea.org/energy-system/electricity>

⁸ IEA, "Net Zero by 2050", (2021), at: <https://www.iea.org/reports/net-zero-by-2050>

⁹ Silva, M. et al., "Life cycle GHG emissions of renewable and non-renewable electricity generation technologies", (2019), at: https://reinvestproject.eu/wp-content/uploads/2019/11/OR_RE-INVEST_Life-cycle-GHG-emissions-of-renewable-and-non-renewable-electricity.pdf

¹⁰ IEA, "Energy Technology Perspectives", (2017), at: https://iea.blob.core.windows.net/assets/a6587f9f-e56c-4b1d-96e4-5a4da78f12fa/Energy_Technology_Perspectives_2017-PDF.pdf

Environmental and Social Risk Management

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

E&S Risk identified	Applicable policies, procedures and measures
Overall environmental and social risks	<ul style="list-style-type: none"> ▶ AEI's Environmental and Social Policy, an integral part of AEI's risk management practices, defines the priorities of AEI around environmental consciousness and human rights. The policy is applicable in all countries AEI operates in and all its business relationships. The priorities include committing to comply with national laws and international regulations and examine all potential environmental and social impacts of its activities, such as air pollution, child labour, biodiversity loss and controversial weapons, when financing renewable energy projects.¹¹ ▶ AEI has developed the Environmental and Social Aspects Assessment Protocol, which establishes a formal procedure for identifying the environmental and social impacts of the companies that AEI invests in and partners with. The procedure entails a scoring system to determine the significance of the impact. Factors considered for scoring include identifying the environmental or social aspect, assessing the possibility of occurrence and duration of the impact and the ability of a company to manage the impact by assessing the need for financial resources.¹² ▶ AEI's Partner Code of Conduct requires its partners, including business partners, to comply with AEI's policies and applicable laws, regulations and codes in countries where they operate.¹³
Land use and biodiversity loss	<ul style="list-style-type: none"> ▶ AEI's Biodiversity Policy outlines its commitment to managing risks associated with biodiversity loss and land use. AEI integrates biodiversity into its environmental and social impact and risk analysis at the project financing level and commits to not financing projects located in UNESCO or NATURA 2000 protected areas as well as encouraging its partners to adopt the same approach. ▶ Additionally, AEI analyzes potential negative impacts on the migration of animals, such as birds, bats and insects in areas where its projects are located as well as preventing any damage to or negative effect on aquatic ecosystems.¹⁴
Emissions, effluents and waste	<ul style="list-style-type: none"> ▶ AEI's Environmental and Social Aspects Assessment Protocol assesses the impact of its portfolio companies, including air and water pollution, and non-hazardous and hazardous waste. It also assesses the portfolio companies' compliance with the legal requirements in these impact aspects. ▶ AEI's Partner Code of Conduct defines requirements related to the disposal of waste, emissions and effluents for its partners, which include its suppliers, contractors, subcontractors, advisers and other business partners. The Partner Code of Conduct requires its partners to: i) properly identify, label and manage the recycling and disposal of chemicals, waste and hazardous materials; ii) characterize, monitor and treat air emissions from operations prior to discharge; iii) implement a water management programme to

¹¹ AEI has shared the Environmental and Social Policy with Sustainability confidentially.

¹² AEI has shared the Environmental and Social Aspects Assessment Protocol with Sustainability confidentially.

¹³ AEI has shared the Partner Code of Conduct with Sustainability confidentially.

¹⁴ AEI has shared the Biodiversity Policy with Sustainability confidentially.

	conserve and control contamination of water; and iv) identify and minimize GHG emissions from partners' operations. ¹⁵
Occupational Health and Safety	<ul style="list-style-type: none"> ▶ AEI's Code of Conduct defines its commitment to managing OHS risks. This commitment entails ensuring that workers and contractors have a safe and healthy workplace and requiring projects to comply with AEI's Occupational Health and Safety Procedure.¹⁶ Lords LB Asset Management is in the process of developing its Environmental and Social Policy, which will be applicable to all managed investment vehicles, including AEI. Therefore, the procedure is based on the scope of this policy. The policy currently outlines the hierarchy of risk control to manage risks related to health, safety and security posed to workers, affected communities and consumers. It also defines the commitments in place to provide safe working conditions, promote health and safety and identify and manage risks as well as the responsibilities of Lord LB Asset Management and its workers. Furthermore, the policy outlines the goals and requirements of Lords LB Asset Management's Health, Safety and Security Management System. These include following all regulatory health and safety requirements, adopting a risk-based approach and providing the necessary training and information on hazards, protective and preventive measures and emergency responses to workers and affected communities.¹⁷ ▶ AEI's Partner Code of Conduct requires its partners to assess workplace hazards and evaluate emergency situations and implement health and safety management systems accordingly. ▶ Additionally, AEI has established Emergency Prevention and Response Measures, which list the preventive measures and response actions for employees in dangerous and emergency situations, such as fires and accidents.¹⁸
Community Relations	<ul style="list-style-type: none"> ▶ AEI has identified local groups and communities as key stakeholders, in line with its Stakeholder Assessment Protocol. AEI maintains relations with local groups and communities, including residents, companies located in the neighbourhood, municipalities and vulnerable groups, through its formal stakeholder engagement process. This process entails identifying the group's interests, addressing concerns, provision of information and methods of communication, such as making information publicly available for the group.¹⁹

¹⁵ AEI has shared the Partner Code of Conduct with Sustainalytics confidentially.

¹⁶ AEI has shared the Code of Conduct with Sustainalytics confidentially.

¹⁷ AEI has shared the scope of Lords LB Asset Management's Environmental and Social Policy with Sustainalytics confidentially.

¹⁸ AEI has shared Emergency Prevention and Response Measures with Sustainalytics confidentially.

¹⁹ AEI has shared the Stakeholder Assessment Protocol with Sustainalytics confidentially.

Annex 1: Assessment Framework Overview

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





Principles Alignment indicates a framework's alignment with the requirements of applicable sustainable debt market Principles.²⁰ This assessment is structured according to the four components of the Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting. Principles Alignment is expressed at one of following levels:

- **Aligned:** Meets all requirements across the four components.
- **Partially Aligned:** Meets requirements on two or three of the four components.
- **Not Aligned:** Does not meet requirements on most or all of the four components.

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

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

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

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

²⁰ These primarily include the Green Bond Principles and the Social Bond Principles, published by the International Capital Market Association (ICMA); and the Green Loan Principles and the Social Loan Principles, published by the Loan Syndications and Trading Association (LSTA), Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and the Association of Southeast Asian Nations (ASEAN).

Scope of Work and Limitations

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

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

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

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

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

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