



ATSINAUJINANČIOS
ENERGETIKOS
INVESTICIJOS

JSC “ATSINAUJINANČIOS ENERGETIKOS INVESTICIJOS” GREEN BOND FRAMEWORK

May 2025

JSC “Atsinaujinančios Energetikos Investicijos”

Green Bond Framework

Introduction

JSC „Atsinaujinančios energetikos investicijos“ („AEI“ or “Investment Company”) is a closed end investment company intended for informed investors that focuses on the investments in renewable energy assets and development projects. AEI is established according to the Law on Collective Investment Undertakings Intended for Informed Investors of the Republic of Lithuania (LU SIF equivalent) and regulated by the Bank of Lithuania. AEI primarily specializes in renewable energy sector within the Baltic states and Poland.

AEI is managed by Lords LB Assets Management, UAB (“Management Company” or “Lords LB Asset Management”). Lords LB Asset Management is a premier provider of investment management services to institutional investors and high-net-worth individuals. The Management Company currently manages 14 real estate funds, 1 private capital fund, 1 energy and infrastructure fund, and 3 investment companies. The total value of assets managed by Lords LB Asset Management was €1.331 billion as of December 31, 2024.

AEI currently manages a fully operational renewable energy portfolio of 188.1 MW in Lithuania, a partially operational and partially under-construction portfolio of 182.5 MW in Poland, and is developing an additional 1,359 MW portfolio in the early to advanced development stages across Lithuania, Latvia, and Poland.

A primary Green Bond Framework by AEI was established in September 2021, under which the Investment Company has raised Green Bonds in the principal amount of €1.315 million as of December 31, 2024.

AEI Sustainability Contribution

AEI recognizes that Investment Company’s economic activities have an influence on society and the environment. Investment Company has the opportunity and implicit responsibility to ensure that its actions have a beneficial impact on the sustainability/carbon emissions/energy independence of the region.

AEI is certain that efficient and sustainable operations are crucial for long-term value creation.

The Investment Company continues to integrate a long-term, impact-driven approach to investment, taking into consideration environmental, social, and governance (“ESG”) principles into every stage of the investment process—from origination and due diligence to portfolio management and reporting. AEI’s investment strategy has been and will remain supported by robust ESG governance, internal controls, and regular risk assessments, including screening against sector exclusions and environmental harm.

AEI is committed to contribute to EU’s long-term strategy of achieving carbon neutrality by 2050. The Investment Company does recognize that the transition towards renewable energy sources such as solar and wind is a critical part of meeting the objective set by EU. Therefore, AEI takes full responsibility to refinance CAPEX and OPEX spent on Eligible Projects and make new investments only in renewable

energy assets and development projects that support the transition towards a decarbonized economy. Investment Company's main ambition is to increase the level of energy generated from renewable sources in Europe. AEI is dedicated to finance the development and operational improvements of renewable energy assets. Hence, AEI invests in companies within renewable energy sector that develop renewable energy assets such as wind and solar power plants using market-proved technologies.

AEI benefits from both local and international experience of the teams managerial and development skills, regional presence, and deep understanding of the market.

Workplace safety and wellbeing are a priority for AEI. Investment Company's responsibility is to ensure an environment which would respect the rights of employees, provide safe working conditions and offer competitive wages. One of AEI's priorities is to contribute towards a more sustainable society. AEI's sustainable strategy stems from two specific Sustainable Development Goals set by the United Nations (UN SDGs). Firstly, AEI business activity directly advances SDG 7 (Affordable and Clean energy) via investing in renewable energy projects. Secondly, Investment Company is committed to contribute to SDG 13 (Climate Action) via building net-zero carbon emission balance sheet.

Green Bond Framework

As part of the broader ESG strategy, AEI have established a Green Bond Framework ("Framework" or "Green Bond Framework"). Green bonds ("Green Bonds") enable capital-raising and investment for new and existing projects with environmental benefits. The International Capital Markets Association has developed the Green Bond Principles ("GBP") to support issuers in financing socially responsible projects that foster a net-zero emissions economy and conserve the environment. Green Bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects ("Green Projects" or "Eligible Green Projects").

The primary goal of this Framework is to establish a clear approach for all future Green Bonds, ensuring that the principles of this Framework are applied to each issued instrument. Also, established Framework will be used to monitor and provide transparency to Green Bond funds used for renewable energy investments. Framework is aligned with the ICMA Green Bond Principles ("ICMA GBP", 2021)* - a set of voluntary principles that encourage transparency and disclosure and support the integrity of the development of a sustainable finance market.

The Framework is established through the following key segments:




- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Reviews

Use of Proceeds

The primary purpose of Green Bonds is the utilization of the proceeds for financing and refinancing CAPEX and OPEX of Eligible Green Projects. All designated Eligible Green Projects should provide clear environmental benefits, which will be either assessed or continued to be assessed for existing Eligible Projects and, where feasible, quantified by AEI. AEI will fund and refinance Eligible Green Projects in whole or in part to assist the transition to low-carbon and climate-resilient prosperity with a lower environmental effect. In case of Eligible Green Project refinancing a look back period of 4 years for capital expenditures and 3 years for operational expenditures will be applied.

Fundamental feature of the Green Bond Framework is the use of funds for Eligible Green Project financing (Table 1). Green Projects may be owned directly by AEI or indirectly through Investment Company's companies.

Table 1. Eligible Green Projects for Green Bonds

Green Bonds Principles category	Eligible Green Projects	Environmental benefit	SDG mapping
 Renewable Energy	<ul style="list-style-type: none">Onshore wind farm development, building, and management, as well as related support infrastructureSolar energy development, building, and management, as well as related support infrastructure	GHG Emissions Reduction	 

AEI will apply negative screening policies to exclude investment in projects involving fossil-fuel related activities.

Process for Project Evaluation and Selection

The review and selection procedure guarantees that the net proceeds of Green Bonds are distributed to projects that satisfy the criteria outlined in the “Use of proceeds” section. Lords LB Asset Management has established an ESG Committee (the “Committee”) which consists of representatives from Finance and Investment Management teams and have significant local and international experience evaluating potential investment projects. AEI is devoted to maintaining high environmental, social, and ethical standards. As a result, all of Investment Company's projects are subject to environmental assessments and compliance with EU environmental regulations and social protections. The central function of the Committee is to investigate the environmental and social hazards associated with each potential investment. The Committee meetings take place on quarterly basis for Eligible Green Projects evaluation. However, the Committee is convened before every investment decision for examination and approval of new Eligible Green Projects. The Committee governs the process and will be responsible for:

- **Evaluating** – the proposed projects' compliance with the eligibility requirements (“Eligibility Criteria” specified in the "Use of Proceeds" section.
- **Approving** – the inclusion of evaluated suitable green projects into AEI portfolio of green projects. The Committee has the authority to oppose the investment in any new project on the grounds that it does not meet the criteria established in the Green Bond Framework. AEI will maintain a list of projects which were evaluated and approved by the Committee.
- **Monitoring** – constant capture and register of Green Bond proceeds used for any qualified projects.
- **Replacing** – identify projects that no longer fulfil the requirements or that have been divested.
- **Observing** – analyse developments in the sustainable finance markets, as well as authorizing revisions to this Framework to reflect important changes in AEI business strategy or market shifts.

Management of Proceeds

Without prejudice to AEI commitment to strive for the best returns for its investors and to always act in their best interests, Investment Company undertakes to consider the main ESG aspects while making investments and conducting Due Diligence procedures. Main ESG aspects are identified in Management Company’s “Responsible investment Policy” which is publicly available on Management Company’s website: <https://lordslb.lt/en/responsible-investment-policy/>.

AEI will continue to create a green project portfolio and track the distribution of net revenues from Green Bonds to Eligible Green Projects. Throughout the period of the Green Bonds, all Eligible Green Projects must fulfil the Eligibility Criteria. If an Eligible Green Project no longer meets the Eligibility Criteria or exits portfolio, AEI shall substitute the project as soon as practically possible. The Committee will be responsible for coordination of substitution process by re-allocating used proceeds to projects which will meet Eligibility Criteria.

AEI commits on a best effort basis to reach full allocation of proceeds to Eligible Projects and refinancing CAPEX and OPEX of Eligible Projects within two years of the Green Bond issuance. Eligible Green Projects financed with the net proceeds of any Green Bonds will be unaffected by future changes to the Green Bond Framework and will remain in the Green Project Portfolio for as long as they meet the Eligibility Criteria in effect at the time of the Green Bond issuance and are internally allocated to an outstanding Green Bond. The Committee will conduct a quarterly assessment of the Green Project Portfolio. By observing developments in the sustainable finance markets, the Committee could authorize revisions to this Framework.

AEI will make every effort to allocate the net proceeds of any Green Bonds as soon as they are issued. Prior to complete allocation, or in the case of an early repayment, funds will be kept in cash, cash equivalents, and/or other liquid marketable assets in accordance with AEI’s general liquidity requirements. Unallocated profits will not be deliberately invested in assets that emit greenhouse gases, which is incompatible with the transition to a low-carbon economy and is not in line with Green Bonds Principles.

AEI's Green Project Portfolio will be continuously monitored by Management Company's finance team and ESG Committee to discover any flaw in a timely manner.

Reporting

AEI is dedicated to being as transparent as possible. Within one year of following the issue of any Green Bonds, AEI will issue a Green Bond Report, which will be available to the public on Management Company's website at www.lordslb.it and will be updated yearly until no Green Bonds are outstanding. Reporting will be done on aggregated portfolio basis.

AEI will report on the environmental effect of Green Bond net proceeds used for Eligible Green Projects. Investment Company may make assumptions about the units in use as well as the applicable benchmark emissions, which will be clearly mentioned in the reporting.

The reporting will be divided into two sections:

- Allocation reporting will contain such details, but not limited to:
 - Total number of outstanding Green Bonds;
 - Proportion of proceeds used for financing vs. re-financing;
 - Size of the common Green Project Portfolio, including a breakdown by project category;
 - Review of usage of Green Bond proceeds and allocation to Eligible Green Projects;
 - Any proceeds unallocated with given usage forecast;
 - Summary of Eligible Green Projects to which Green Bond net proceeds have been allocated (subject to confidentiality obligations).
- Impact reporting will contain such details, but not limited to:
 - Renewable energy capacity installed (in MW);
 - Annual renewable energy generation (in MWh);
 - Annual reduction/avoidance of CO₂ emissions (in tons of CO₂).

External Reviews

The Green Bond Framework will be reviewed by an external validator hired by AEI.

To verify that all issued Green Bonds continue to comply with the methods outlined in this Framework, AEI will employ an external validator to provide a yearly verification report on the distribution of proceeds, beginning one year following the first issuance under this Framework.

Final provisions

The Committee is responsible for monitoring and managing any future updates to the ICMA Green Bond Principles and any other EU sustainable finance industry standards. Therefore, this Framework may be in future subsequently updated to reflect the alignment with the most recent sustainable finance industry standards. We encourage all breaches or suspected breaches of the Framework and ESG policy to be reported to: sustainability@lordslb.it, or by providing notice via autonomous channel <https://lordslb.it/en/reporting-violations/>.

CEO of Management Company shall be responsible for the implementation of this Framework.

Green Bond Framework approved by Management Company's board and CEO: **May 2025**