



Green Finance Framework

January 2025



An accelerator of the energy transition

Korkia is a global investor in renewable energy. Our mission is to produce renewable megawatts to the market to ensure that future generations have an economically prosperous and sustainable world to live in.

Korkia Group ("Korkia") invests in the development of utility-scale photovoltaic solar, battery energy storage solutions, and onshore wind together with project developers around the world. Korkia Oy, the parent company of Korkia Group, is a privately owned Finnish company, established in 2006. Korkia Oy's Korkia Renewables subgroup focuses on renewable energy projects and project portfolio management. Via our subsidiary Korkia Capital Ltd ("Korkia Capital"), we offer alternative investments in renewable energy for institutional investors and high net-worth individuals. Korkia Capital is regulated by the Finnish Financial Supervisory Authority and holds an AIFM license for offering alternative investments funds, investing in green energy development projects led by Korkia Group.

Whereas most investors come in just before shovels hit the ground, we focus on the most impactful phase of renewable energy production – project development. With our extensive experience from operating at all stages of renewable energy production, we are convinced that we can roll out the highest volumes of gigawatts, and thus create the biggest possible positive environmental impact, by focusing on the project development phase.

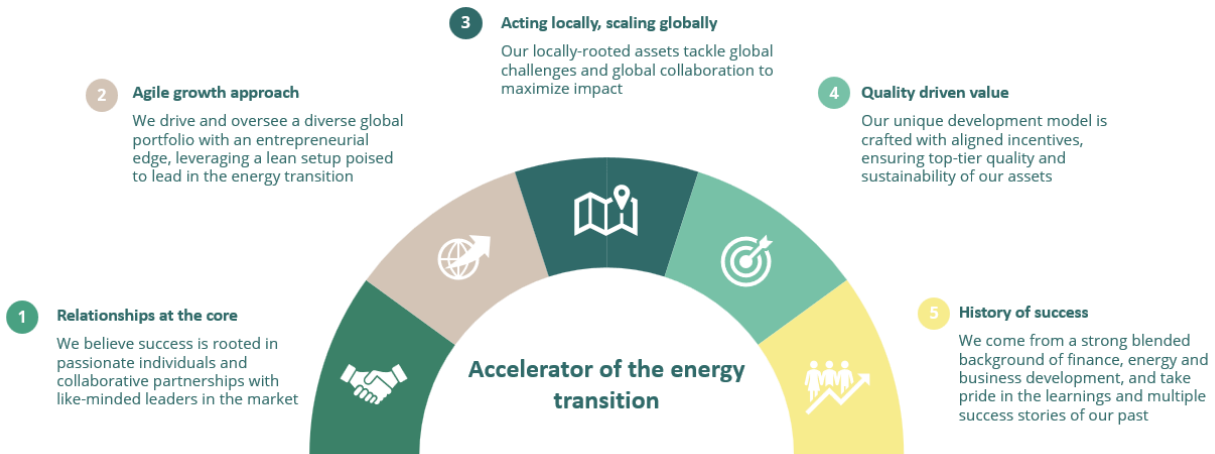
Project development is the stage of renewable energy production where land, grid and permitting are secured. Our projects are typically exited at the ready-to-build phase, which means an average investment cycle of two to four years. As we continue to expand our operations, we are also considering extending our focus from product development to include plant construction and operation. Currently, we focus on solar, battery energy storage solutions, and wind, and in the future, we may also explore investments in production and storage of hydrogen.

We have a team of ~50 in-house experts working from our offices in Finland, UK and Chile. Together with ~75 local professionals employed in our development companies we currently manage a development portfolio of +20 GW.

We primarily implement projects through a co-development model, where we form joint ventures with local renewable energy developers who get access to our funding, expertise and international networks. In turn, we get the local renewable energy pipeline, exclusivity with the developer, and immediate access to the local market through their already established networks and understanding of specific local market conditions. Whereas energy developers most often need to seek funding for each of their projects separately, we are able to finance development companies and their entire portfolios for the duration of our joint venture lifecycle which makes our investment model exceptionally scalable.

We believe that our approach of partnering with local developers combined with our unique, mutually beneficial, financing model will continue to attract new partners and support our growing pipeline of renewable energy projects. Our aim to be the preferred partner for asset developers, owners and investors, throughout the value chain.

Our key drivers for success



Sustainability at Korkia

Korkia's aim is to accelerate the energy transition, and we consider our investments in renewable energy and storage to be inherently green with a clear contribution to climate change mitigation. At the same time, we acknowledge that our actions and investments entail a number of environmental and social risks and potential negative impacts which we are committed to minimising to the extent possible. We believe in continuous improvement, and we wish to communicate clear expectations to both business partners and employees.

Sustainability governance

Korkia's internal Sustainability Committee is responsible for establishing and implementing robust sustainability practices, integrating sustainability risks and opportunities across our business operations. The committee comprises of Sustainability Director and the members of our executive management team. The Sustainability Director oversees day-to-day operations, ensuring progress towards our targets and commitments. The committee convenes at least quarterly, and the Korkia Oy's Board of Directors retains final oversight and ownership of all sustainability strategies and policies.

Our principles for integrating sustainability risks and opportunities into investment practices are outlined in a set of policies, including Sustainability and Responsible Investment Policy, Code of Conduct, Supplier Code of Conduct, Anti-Corruption and Anti-Bribery, AML/CTF, and Remuneration. In accordance with the EU Sustainable Finance Disclosure Regulation, Korkia Capital also reports on Principle Adverse Impacts annually. Both documents are available on our website: www.korkia.fi/responsibility.

Sustainability integration

Sustainability factors are integrated into our processes, from initial investment due diligence throughout project development, to mitigate risks as well as to evaluate the investment opportunities. Our analysis includes broader market assessments as well as in-depth analyses of the projects to identify sustainability-related factors and drivers that may have a positive or negative impact on the investment and sustainability.

Our Sustainability Director will review and assess every potential new investment, and our Sustainability Committee must approve every investment decision. Below, we outline the key elements of how sustainability factors are integrated in our investment due diligence and project development processes. To ensure continuous adherence to these principles, we have implemented an annual audit process. If we uncover cases of non-compliance, these will be assessed by our Sustainability Committee, and a remedy plan will be implemented. If found necessary by the Sustainability Director, cases may be assigned to the Korkia Oy's Board of Directors for review.

Assessing new markets

As part of our due diligence process before entering a new market, we will screen for regional exposure to climate related risks, assess the structure and security of the local energy system, and evaluate adherence to human and labour rights. Our scope of potential markets is limited mainly to OECD countries.

Assessing new partners

Our business is based on creating development companies together with local partners. As part of our assessment of potential new partners, we screen for compliance with the EU Taxonomy Minimum Social Safeguards, including adherence with human rights policies (in line with OECD guidelines and UN Global Compact), robust processes for mitigating bribery and corruption, sound taxation procedures, and fair competition principles. Before joining forces, partners will be expected to sign a confirmation statement, ensuring we collectively work to uphold high standards in our development companies.

Assessing new projects

When a new project is considered, these are expected to meet the EU Taxonomy criteria for Substantial Contribution to Climate Change Mitigation. Furthermore, projects are screened for potential negative impacts in line with the Do No Significant Harm criteria of the EU Taxonomy:

Climate change adaptation: Projects are screened for exposure to physical climate related risks. If material risks are identified, a risk and vulnerability assessment will be conducted together with an assessment of possible adaptation solutions that may reduce the identified risks. These assessments should always be based on a scientific and trustworthy approach to ensure best practice.

Sustainable use and protection of water and marine resources: Projects are typically not located in areas with water stress. Environmental degradation risk related to water and marine resources will be identified through Environmental Impact Assessments (EIA) where applicable according to national laws. Where relevant, water use and protection management plans are established.

Transition to a circular economy: Our aim is to promote sustainable decisions throughout the value chain. However, our formal impact on investment decisions related to the construction phase is limited as this will take place after we have exited the project. Where our project development process includes a screening for relevant suppliers in advance of construction, we may assess if suppliers take durability and recyclability into account. However, final decisions will be out of our control. If we were to expand into construction phase in the future, aspects related to circularity would be included in our processes.

Pollution prevention and control: We aim to actively minimise pollution to air, water and soil, and we avoid the use of harmful substances. When screening for potential suppliers and contractors as mentioned above, we expect the same from them. Even if our formal impact on final decision on suppliers and their choice of materials and construction processes is limited, we aim to lay the foundation for sound and sustainable choices.

Protection and restoration of biodiversity and ecosystems: Environmental Impact Assessments (EIA) are performed according to national laws. When an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. If a project is located in or near biodiversity-sensitive areas, appropriate assessments and mitigation measures have been implemented according to national laws (including the Natura 2000 Network of protected areas, UNESCO World Heritage sites and Key Biodiversity areas, as well as other protected areas).

Commitments and collaborations

Reaching global climate targets requires a collective effort and we support a number of initiatives aimed at driving and scaling action.

Korkia Capital Oy is a signatory to the Principles for Responsible Investments since 2018, a member of Finland's Sustainable Investment Forum (FINSIF) as well as the Renewables Finland (Suomen uusiutuva ry) and we are part of the Finnish Solar Energy Coalition (Auringosta Energiaa).

We support the UN Sustainable Development Goals and have selected four as most relevant to our business and where we believe we can have the greatest positive impact.



SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Korkia is committed to ensuring access to affordable, reliable, sustainable, and modern energy for all by investing in sustainable energy and energy-efficient technologies to new markets and communities. We focus on target 7.1 *Universal access to affordable, reliable, and modern energy services* and 7.2 *Substantially increasing the share of renewable energy in the global energy mix by 2030*.



SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Korkia is committed to investing in innovative systems for sustainable development and support the development of sustainable infrastructure. We focus on target 9.1 *Develop quality, reliable, sustainable and resilient infrastructure*, and 9.4 *Upgrade and retrofit of existing infrastructure to make industries sustainable*.



SDG 13: Take urgent action to combat climate change and its impacts

Korkia is committed to investing in developments and projects with negligible emissions and promote climate-conscious behaviour in the communities where we operate. We focus on target 13.1 *Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries* and 13.3 *Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning*.

Korkia and Green Finance

Korkia's aim is to be an accelerator of the energy transition, and we wish to be the preferred partner for asset developers, owners and investors, throughout the value chain. To fund and support this ambition, we have

established this Green Finance Framework (the “Framework”), enabling the issuance of debt instruments such as Green Bonds, Green Commercial Papers, and Green Loans (hereafter collectively referred to as “Green Finance Instruments”).

The Framework is aligned with the 2021 ICMA Green Bond Principles (with 2022 appendix) and the 2023 LMA Green Loan Principles (the “ICMA/LMA Principles”). The Framework defines the assets and projects that can be financed by Green Finance Instruments (“Green Projects”), and it also outlines the process for evaluating, selecting, tracking, and reporting on such investments.

Each Green Finance Instrument issued hereunder should in their relevant transaction documentation refer to this Framework. Korkia Oy and any of its wholly owned subsidiaries may use this Framework to issue Green Finance Instruments.

This Framework may in the future be updated to harmonise with market and/or company developments. Any such future changes will not apply to Green Finance Instruments issued under previous versions of the Framework.

In line with the ICMA/LMA Principles and best market practice, this Framework includes the following segments:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

Alignment with relevant standards and guidelines

The ambition of this Framework is to meet best market practice by adhering to relevant standards and guidelines in the green finance market. Each Green Project category has therefore been mapped against the ICMA/LMA Principles, the UN Sustainable Development Goals (“UN SDGs”) as well as relevant economic activities covered by the EU Taxonomy.

The EU Taxonomy states that to qualify as environmentally sustainable, an economic activity should 1) make a Substantial Contribution to the achievement of one or several of EU’s six environmental objectives, 2) Do No Significant Harm to the achievement of any of the other environmental objectives, and 3) meet Minimum Social Safeguards.

We have aligned our Green Project criteria with the EU Taxonomy technical screening criteria for Substantial Contribution to Climate Change Mitigation. As further described in the sustainability segment of this Framework, we integrate sustainability related risks and opportunities in our investment due diligence and project development processes. These practices capture many of the elements included in the EU Taxonomy criteria for Do No Significant Harm and Minimum Social Safeguards. With our current focus on project development, our impact on Taxonomy alignment of projects throughout their lifetime is however limited. Projects are sold before construction and operation to developers, which is where many decisions are taken that impact whether the respective economic activity could classify as EU Taxonomy aligned or not.

Use of Proceeds







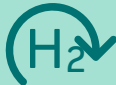

An amount equal to the net proceeds from Green Finance Instruments issued under this Green Finance Framework will be allocated towards a portfolio of assets and projects, in whole or in part, that meet the Green Project criteria listed below. Green Projects may be fully or partly, directly or indirectly, owned by Korkia or any of its subsidiaries and allocated proceeds will reflect Korkia’s share of the investments.

Green Finance Instruments issued under this Framework will be used to finance new Green Projects as well as for refinancing purposes. New Green Projects are defined as ongoing projects or investments made within the reporting period, while refinancing represents projects and investments completed earlier. Green Finance Instruments may refinance existing debt as well as previous equity investments in Green Projects. Refinancing of capital expenditures are applicable without lookback period. For operational expenditures, a lookback period of 24 months applies.

Green Projects

An amount equal to net proceeds from issued Green Finance Instruments will be allocated towards financing and/or refinancing the development, construction, installation, operation, maintenance, improvement, and repair of assets and projects within the following Green Project categories, and related operating expenditures.

Green Project Criteria

 <p>Solar power</p>	Electricity generation using solar photovoltaic (PV) technology		
	<p>EU Taxonomy economic activity</p> <p><i>Electricity generation using solar photovoltaic technology</i></p>	<p>ICMA/LMA Principles category</p> <p><i>Renewable energy</i></p>	<p>UN SDGs</p> 
 <p>Battery energy storage systems</p>	Electricity storage facilities		
	<p>EU Taxonomy economic activity</p> <p><i>Storage of electricity</i></p>	<p>ICMA/LMA Principles category</p> <p><i>Energy efficiency</i></p>	<p>UN SDGs</p> 
 <p>Wind power</p>	Electricity generation from onshore wind power		
	<p>EU Taxonomy economic activity</p> <p><i>Electricity generation from wind power</i></p>	<p>ICMA/LMA Principles category</p> <p><i>Renewable energy</i></p>	<p>UN SDGs</p> 
 <p>Hydrogen</p>	Manufacture and storage of green hydrogen and hydrogen-based synthetic fuels		
	<p>EU Taxonomy economic activities</p> <p><i>Manufacture of hydrogen, Storage of hydrogen</i></p>	<p>ICMA/LMA Principles categories</p> <p><i>Renewable energy, Energy efficiency</i></p>	<p>UN SDGs</p> 

Exclusions

It is our ambition that all of our activities in Korkia will fall within these Green Project categories. For the avoidance of doubt, Green Finance Instruments will not be used to directly finance investments linked to fossil energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction, gambling, or tobacco.

Process for Project Evaluation and Selection

Korkia's Sustainability Committee will be responsible for evaluating assets and projects against the criteria of this Framework and selecting those eligible for inclusion in the Green Project portfolio. The committee consists of the Sustainability Director and the members from our executive management team. Other representatives within the company with relevant expertise may from time to time be invited when deemed relevant, and our Sustainability Director holds a veto in any decision.

To ensure traceability, all decisions made by the committee will be documented and filed. A register of all identified Green Projects will be kept by the committee, who is also responsible for keeping the register up to date at least on a quarterly basis.

We expect all our activities to fall within the identified Green Project categories, and as described in the sustainability segment of this Framework, we integrate material environmental and social risks as part of our general investment due diligence and project development processes. In addition, we expect and encourage our partners and suppliers to adhere to similarly high standards.

The Sustainability Committee holds the right to, at their own discretion, exclude any Green Project already funded by Green Finance Instruments, whereby proceeds will be reallocated as further described under Management of Proceeds. It is our ambition to follow relevant developments in the green finance market, and our Sustainability Committee is further responsible for any future oversights and updates of this Framework.

Management of Proceeds

An amount equal to net proceeds from issued Green Finance Instruments will be earmarked for financing and refinancing of Green Projects as defined in this Framework. Proceeds will be deposited in our general account, and we aim to fully allocate an amount equal to net proceeds from a Green Finance Instrument towards Green Projects within two years from its issue date.

As new Green Projects are initiated, and existing projects may be sold, the portfolio of Green Projects will be dynamic over time. After reaching full allocation, we aim to ensure that the aggregate amount invested in Green Projects is equal to or exceeds the outstanding volume of Green Finance Instruments.

If a Green Project already funded by Green Finance Instruments is sold or for other reasons is no longer considered eligible by the Sustainability Committee, we will strive to replace such project by another qualifying Green Project as soon as practically possible.

The Finance Department and ultimately the CFO is responsible for managing the allocation of proceeds and keeping track of allocated amounts towards the Green Project portfolio. In the event of unallocated proceeds,

these will be placed in the liquidity reserves and managed accordingly. Unallocated proceeds cannot be used temporarily to finance any activity as defined by the exclusion criteria under Use of Proceeds.

Reporting

To enable investors and other stakeholders to follow the developments of our Green Projects financed by Green Finance Instruments, we will publish a Green Finance Report. The report will be published annually for as long as there are Green Finance Instruments outstanding, and it will be made available on our website. The report will include an overview of allocation as well as environmental impact, based on the metrics provided below. Any short-term instruments that mature within an annual reporting cycle, will be included in the Green Finance Report for that calendar year, based on average outstanding volume over the year

Allocation Report

The allocation report will include the following information:

- The nominal amount of Green Finance Instruments outstanding, divided by instrument
- Amounts invested in each of the Green Project categories
- The share of new financing versus refinancing
- Examples of Green Projects that have been financed by Green Finance Instruments
- The amount of net proceeds awaiting allocation (if any)

Impact Report

The impact report aims to disclose the environmental impact of the Green Projects financed under this Framework, and will where possible be measured, otherwise estimated. Reporting of environmental impact will, to some extent, be aggregated and depending on data availability, calculations will be made on a best intention basis. Methods and assumptions used in calculations will be disclosed. The impact assessment may, where applicable, be based on the following metrics:

- Annual renewable energy generation capacity (MW)
- Annual renewable energy generation (MWh/GWh)
- Annual renewable energy storage capacity
- Annual GHG emission reduction/avoidance (tonnes of CO₂e)
- Estimation of lifecycle emission reduction potential for renewable energy plants in active development pipeline

External Review

Pre-Issuance Review

Korkia has obtained a Second Party Opinion from [S&P Global Ratings] to confirm the transparency of this Green Finance Framework and its alignment with the ICMA Green Bond Principles and the LMA Green Loan Principles. The Second Party Opinion will be made available on our website together with this Framework and future Green Finance Reports.

Post-Issuance Review

An independent auditor appointed by Korkia will on an annual basis provide a limited assurance report confirming the amount of proceeds from issued Green Finance Instruments that have been allocated to Green Projects.