



# **GROUPE BPCE: SUSTAINABLE DEVELOPMENT BOND PROGRAM**

Methodology Note for Green bonds / Renewable  
Energy eligible category

11/03/2019



**GROUPE BPCE**

Bankers and insurers with a different perspective

# BPCE SUSTAINABLE DEVELOPMENT BOND FRAMEWORK

## Key features

<https://www.groupebpce.fr/en/Investors/Funding/Framework-of-the-Sustainable-Development-Bond-Program>



**GROUPE BPCE**

Bankers and insurers with a different perspective

# GRUPE BPCE'S SUSTAINABLE DEVELOPMENT BOND PROGRAM

*Addressing key  
components of  
sustainability*

*BPCE's Sustainable Development Bond Framework is a two pillar strategy that targets environmental and social financings to ensure long term sustainability*

## Green Bonds

Focused on environmental sustainability and creating a positive contribution to the reduction of climate change and other environmental challenges:

- Renewable energy
- Energy efficiency
- Green buildings
- Clean Transportation
- Sustainable Water Management
- Sustainable Waste Management
- Sustainable Agriculture
- Biodiversity conservation

## Social Bonds

### Human Development

Addressing social sustainability challenges through contributions key to human development

- Healthcare
- Education
- Social Housing
- Social development

### Local Economic Development

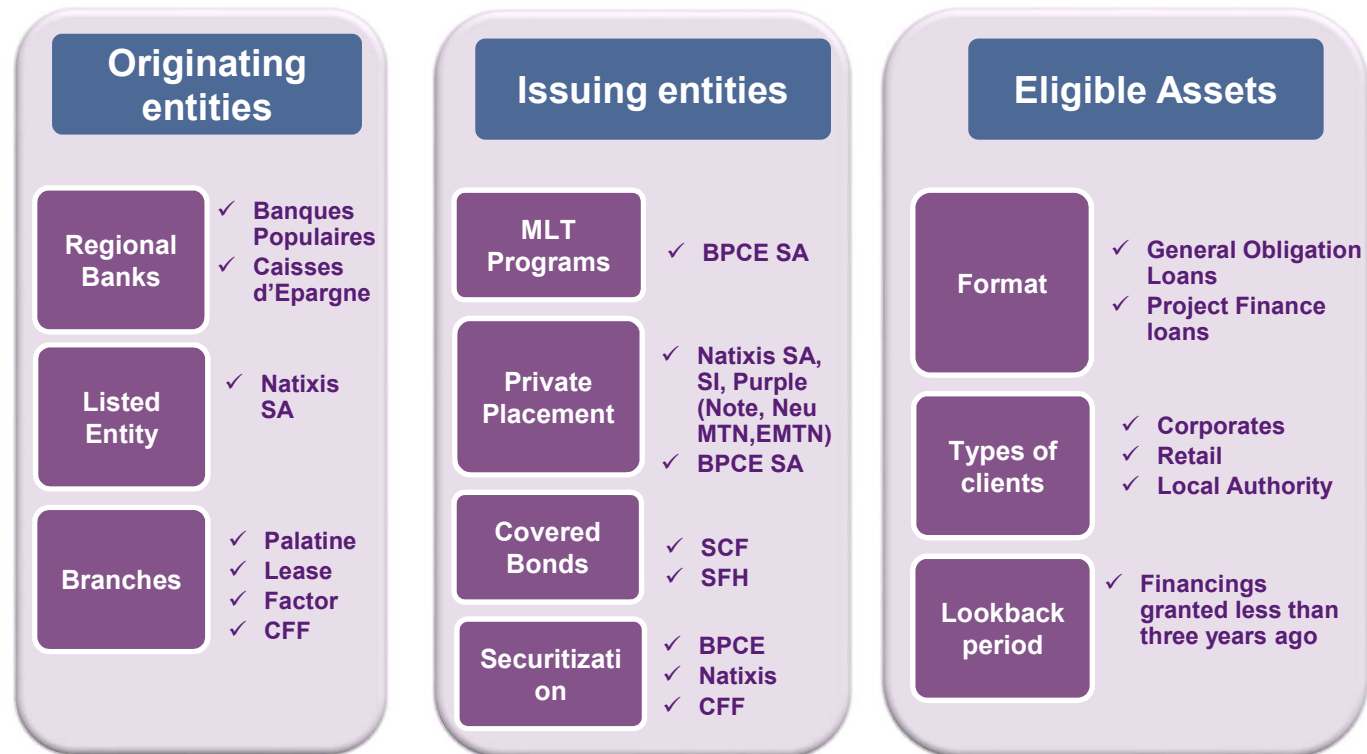
Supporting regional and community development

- Employment conservation and creation in economically or socially underprivileged areas
- Affordable basic infrastructure

# GRUPE BPCE'S SUSTAINABLE DEVELOPMENT BOND PROGRAM

*Scope of the  
program*

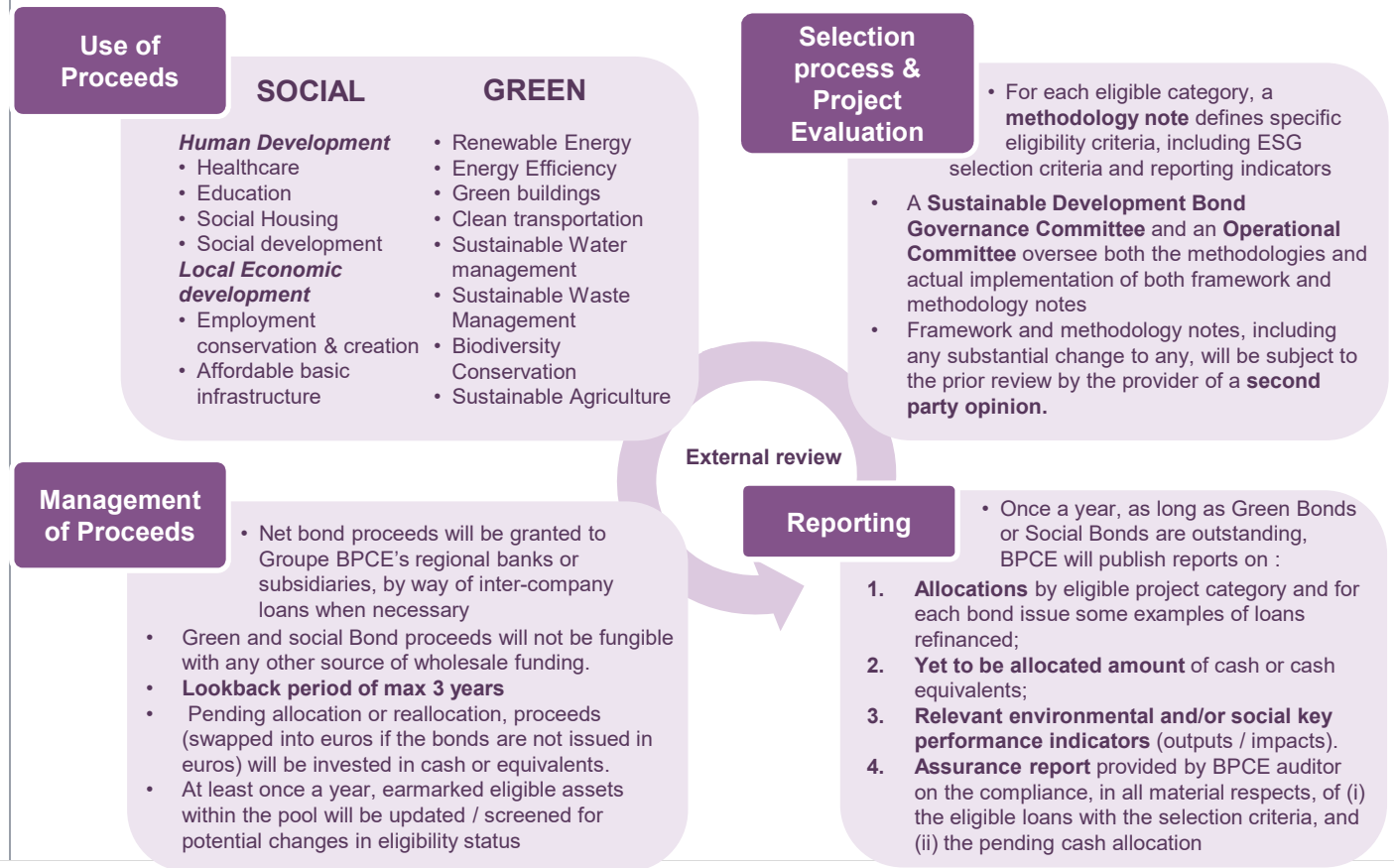
*BPCE's Sustainable Development Bond Framework encompasses the main entities of the group and all issuing signatures, for defined types of assets*



# GRUPE BPCE'S SUSTAINABLE DEVELOPMENT BOND PROGRAM

GBP & SBP Compliance

The Sustainable Development Bond Framework is aligned with the recommendation of the ICMA (Green & Social Bond Principles)



# GRUPE BPCE'S SUSTAINABLE DEVELOPMENT BOND PROGRAM

*Dedicated  
governance*

\*Ad-hoc dedicated committees may be created within the financing entities to identify eligible assets, apply exclusion criteria, monitor the eligible asset pool and produce ad-hoc reporting at issuance and/or batch of issuance levels

*Group BPCE has established a dedicated Governance (and ad-hoc comitology\*) to monitor its Sustainable Development Bond Program*

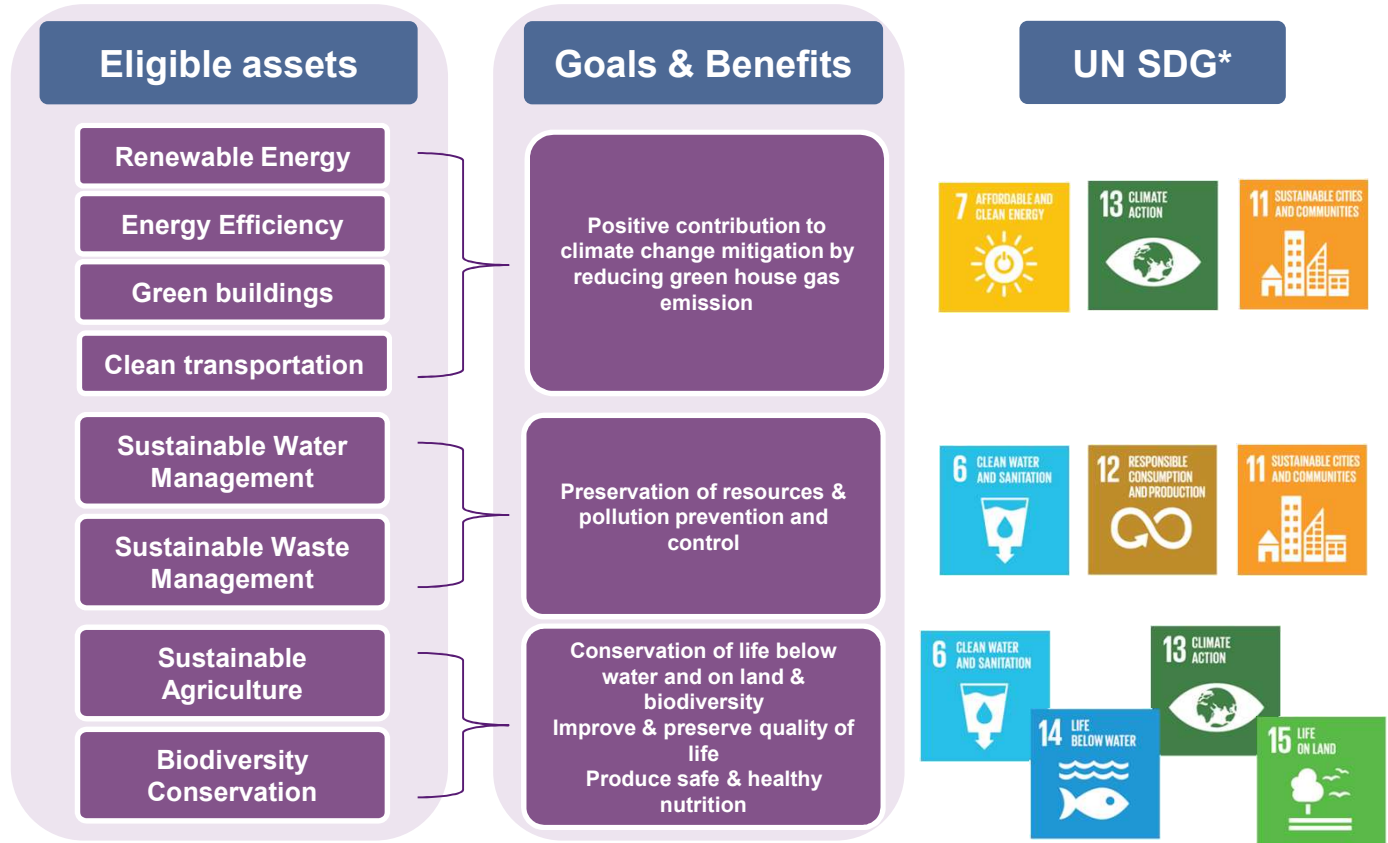


**FOCUS ON GREEN BONDS**

# FOCUS ON GREEN BOND ISSUANCE

Eligible Categories

BPCE's Green Bond Framework is aligned with the Green Bond Principles defined by ICMA in terms of Use of Proceeds





# **RENEWABLE ENERGY METHODOLOGY**

# GREEN BOND METHODOLOGY FOR RENEWABLE ENERGY

The following methodology description is related to the “Renewable Energy” Eligible category under BPCE « Green bond » type of issuance.

## 1 Green Bonds

Focused on environmental sustainability and creating a positive contribution to the reduction of climate change and other environmental challenges

- ✓ Renewable Energy
- ✓ Energy efficiency
- ✓ Green buildings
- ✓ Clean transportation
- ✓ Sustainable Water management
- ✓ Sustainable Waste management
- ✓ Sustainable Agriculture
- ✓ Biodiversity conservation

### Renewable energy methodology

#### Use of Proceeds

Renewable energy projects wind (on-shore and offshore), and/or solar power, and/or hydro projects, and/or biomass

#### Management of proceeds

- Proceeds allocated through intra-group loans
- Eligible pool of assets updated at least yearly
- 3 years look back period
- Audit trail : Green flags introduced in treasurer

#### Reporting

- Issuances
- Eligible asset pool : size, split by category, MW, kWh
- Impact : Annual reduced/avoided GHG emissions at pool and EUR invested (EIB methodology)
- External assurance : auditor’s report



#### Selection & evaluation

##### ESG selection criteria

Environmental impact mitigation : biodiversity, local disturbances from construction to exploitations phases, landscape

Local impact mitigation & Stakeholders’ engagement and consultation

ESG due diligence process

Business practices’ review : money laundering, corruption, conflict of interest

Suppliers’ audit : financial stability and product quality

Labour and human rights conformity and local requirements

#### Governance

- BPCE Sustainable Development Bond Committee
- Ad-hoc dedicated committees within financing entities

#### External review

- Second Opinion
- Third party audit of proceeds allocation and actual eligibility

# RENEWABLE ENERGY

## 1. USE OF PROCEEDS

### *Eligible Assets: Renewable Energy Projects*



### ***Financing or refinancing of loans for the development, construction, operation and maintenance of renewable energy projects.***

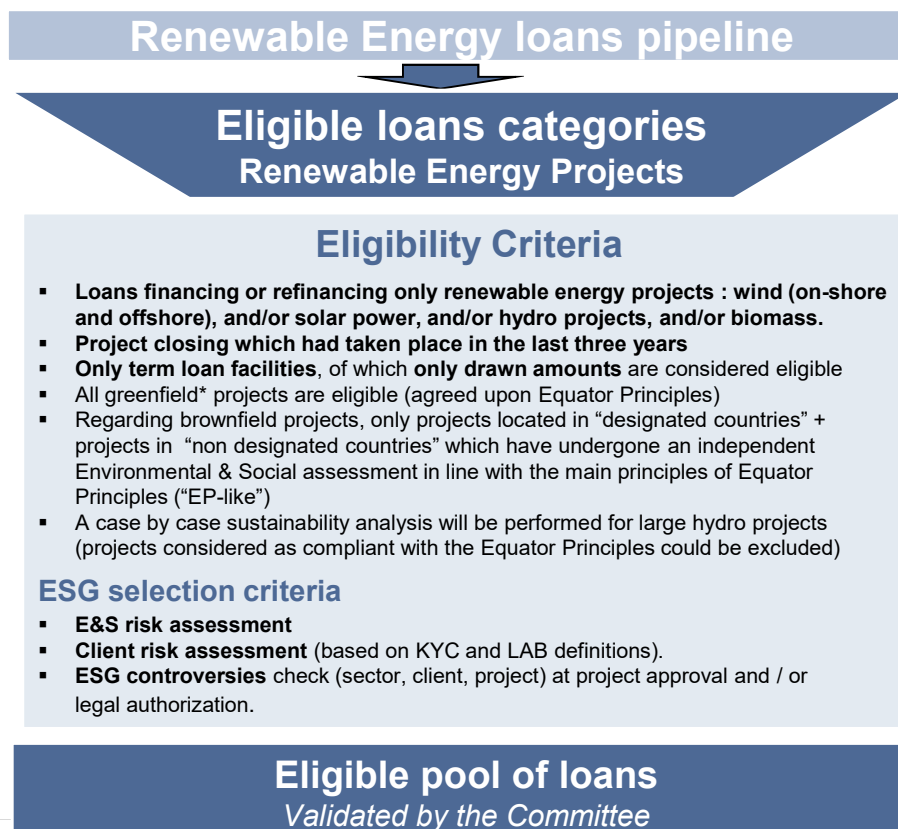
- ⦿ **Renewable Energy Projects\*** includes existing, on-going and/or future projects of conception, construction, operation and/or maintenance of renewable energy production units of energy produced from wind (on-shore and offshore), and/or solar power (photovoltaic or concentrated solar power), and/or hydro, and/or biomass projects.
- ⦿ **Eligible Renewable Energy Assets** include loans:
  - Which meet the Selection Criteria developed by the BPCE Groupe financing entities and subject to the prior review by the provider of a second party opinion.
  - For large hydro projects: relevant ESR or sustainability specialists will perform an assessment on the basis of the IFC Performance standards, completed with additional criteria from the World Commission on Dam and the Safeguard Policy on Safety of Dams. Clients are invited to use a mapping and impact management tool from the Hydropower Sustainability Assessment Protocol (International Hydropower Association)
  - For biomass projects: additional analysis will cover the World Bank's General EHS Guidelines with a specific focus on the main challenges : 1/ Sustainable sourcing (sustainable raw material and sourcing process, including transport and land use); 2/ Competition with food
- ⦿ For each bond, the issuing entity will publicly disclose the estimation of ex-ante environmental benefits and the share of refinancings, once proceeds allocated and at the least annually within the reporting.
- ⦿ At this stage, this methodology note covers the « project finance » loan format originated by any entity within Groupe BPCE.

# RENEWABLE ENERGY

## 2. PROCESS FOR SELECTION AND EVALUATION

### Methodology for Renewable Energy Project Asset Selection (1/2)

Groupe BPCE will select renewable energy loans thanks to a specific methodology...



<sup>1</sup> KYC: Know your customer <sup>2</sup> LAB: Anti money Laundering <sup>4</sup> ESR: Environmental & Social Responsibility team

\* Greenfield: new construction, including significant extension of existing facilities ; Brownfield: refinancing of existing facilities with no or little extension.

\*\* As defined by the Equator Principles - <http://www.equator-principles.com/index.php/designated-countries>

\*\*\* Project closing means the signing of the credit documentation and that's when Natixis contractually commits to make the loan available to the borrower

### ESG Selection criteria

(detailed in appendix)

Environmental impact mitigation: biodiversity, local disturbances from construction and exploitation phases, landscape

Local impact mitigation & Stakeholders' engagement and consultation

ESG due diligence process

Business practices' review: money laundering, corruption, conflict of interest

Supplier's audit: financial stability and product quality

Labour and human rights conformity and social requirements

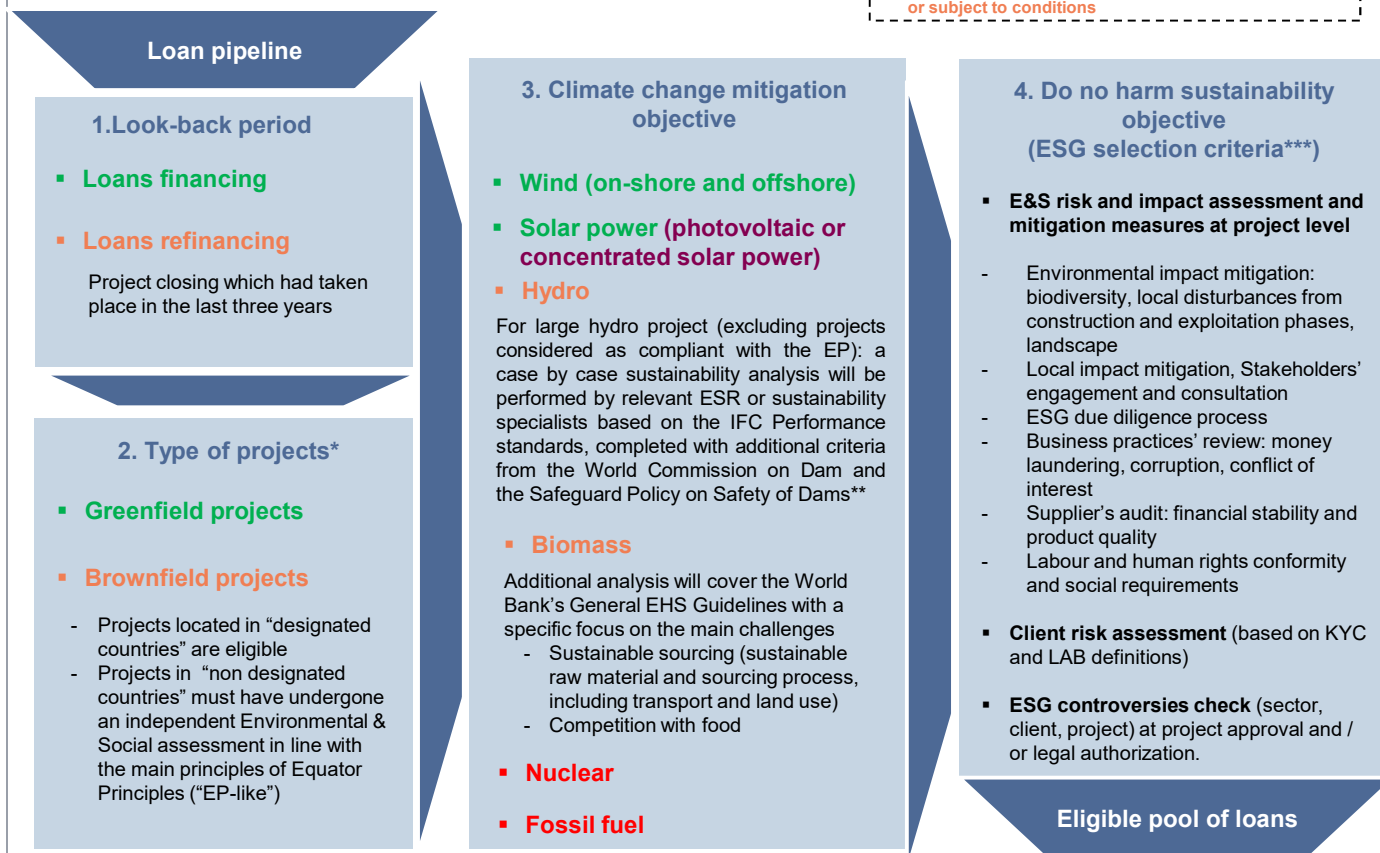
Cf details in Appendices

# RENEWABLE ENERGY

## 2. PROCESS FOR SELECTION AND EVALUATION

### Methodology for Renewable Energy Project Asset Selection (2/2)

#### ...and selection workflow



\*agreed upon Equator Principles (EP)

\*\* In addition, clients are invited to use a mapping and impact management tool from the Hydropower Sustainability Assessment Protocol (International Hydropower Association)

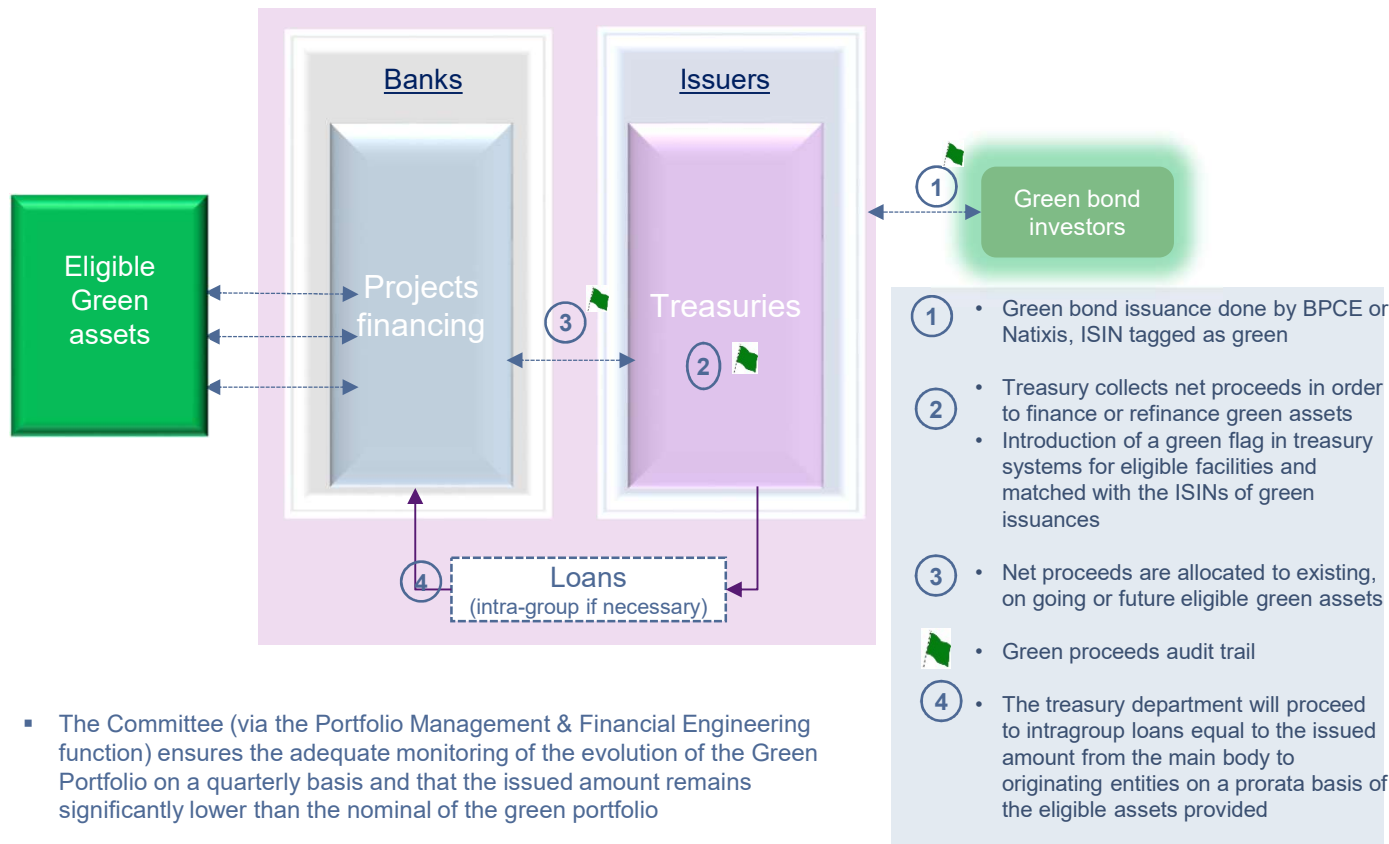
\*\*\*detailed in appendix

## RENEWABLE ENERGY

### 3. MANAGEMENT OF PROCEEDS

*Tracking and allocation process*

*Groupe BPCE will implement dedicated processes to ensure tracking and transparency*



## RENEWABLE ENERGY

### 4. REPORTING

*Two levels of reporting*

**Groupe BPCE will report annually both at bond and program levels on allocation and environmental impacts**

AT BOND (or batch of bonds or notes) LEVEL						
Detail of the notes issued		: issuer, ISIN, currency, size, issue date, maturity				
Eligible projects			incl. Allocated amounts (EUR)	Agregated Output and Impact indicators (at bond level)		
Onshore wind projects				MW installed	MWh produced or expected	Average GHG emissions reduced / avoided per EUR invested at bond level Total GHG emissions reduced/avoided (in kilo of CO2) at bond level
Offshore wind projects				MW installed	MWh produced or expected	
Solar PV projects				MW installed	MWh produced or expected	
Hydro projects				MW installed	MWh produced or expected	
Biomass projects				MW installed	MWh produced or expected	
AT ELIGIBLE POOL OF ASSETS LEVEL						
Eligible projects	Size of the total eligible pool	incl. Allocated amounts (EUR)	% financing vs refinancing	Agregated Output and Impact indicators (at portfolio level)		
Onshore wind projects				MW installed	MWh produced or expected	Annual GHG emissions reduced/avoided (in kilo of CO2) at eligible pool level
Offshore wind projects				MW installed	MWh produced or expected	
Solar PV projects				MW installed	MWh produced or expected	
Hydro projects				MW installed	MWh produced or expected	
Biomass projects				MW installed	MWh produced or expected	
XXXXXX						

- Reporting will only include the pro-rated share of output and impact indicators that corresponds to the project amount financed by the Green Bond (green bond share of financing VS. total project amount).
- **Reporting methodologies and assumptions** used in the quantitative determination are detailed in appendix
- **Project and Sponsor names** - Due to French banking laws, BPCE, Natixis and other group entities cannot disclose the name of the underlying projects or sponsors. Projects specific data will thus be anonymized.

## RENEWABLE ENERGY

### 5. EXTERNAL REVIEW

*Second party  
Opinion at  
methodology note  
level*

## Groupe BPCE has appointed VigeoEiris as Second Party Opinion on the Renewable energy methodology note

### VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Green Bonds considered to be issued by Groupe BPCE entities is aligned with the voluntary guidelines of the Green Bond Principles.

We express a reasonable assurance<sup>5</sup> (our highest level of assurance) on the Issuer's commitments and the Bonds' contribution to sustainability.

The Eligible Projects are likely to contribute to two United Nations' Sustainable Development Goals, namely Goal 7: Affordable and Clean Energy, and Goal 13: Climate Action.



# APPENDICES



# INFRASTRUCTURE PROJECT FINANCING

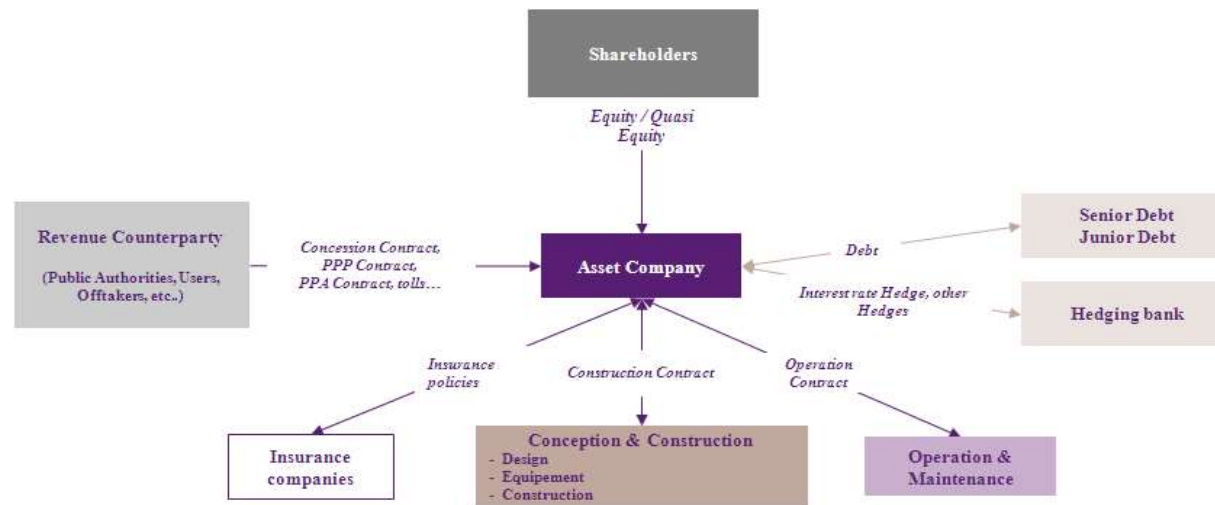
Infrastructure assets can be defined as :

- ✓ Large long-term physical assets that provide essential products or services
- ✓ Limited or no competition and high barriers to entry
- ✓ Operates in a regulated sector.

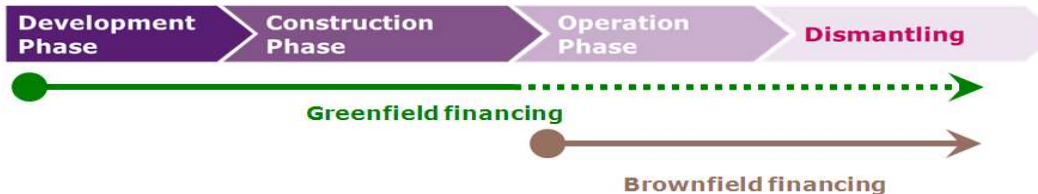
Project finance generally entails a project (or group of projects) isolated within a fixed-term SPV (Special Purpose Vehicle) created for the construction (greenfield) or management (brownfield) of the financed assets.

Project finance is a method of financing in which the lender considers, first and foremost, the cash flows generated by the project both as a source of repayment and as security against long-term exposure.

## Usual transaction structure for a Project Finance transaction



## Asset segmentation of Infrastructure renewable Project financing



## DETAIL OF THE ELIGIBILITY CRITERIA

### ESG Selection criteria – Generally applicable

	ESG Selection criteria - Supporting elements and assessment documents	
	Greenfield assets (new construction, including significant extension of existing facilities)	Brownfield assets (refinancing of existing facilities with no or little extension)
<b>Environmental impact mitigation:</b> biodiversity, local disturbances from construction and exploitation phases, landscape	<ul style="list-style-type: none"> <li>E&amp;S risk-management procedure, embedded in the internal loan approval process – e.g. Natixis' Equator Principles procedure</li> <li>Technical and legal reviews</li> <li>Impact assessment studies, especially E&amp;S requirements of project's specification*</li> <li>Construction and exploitation permits (incl. ICPE file – when applicable)</li> </ul>	<ul style="list-style-type: none"> <li>Technical and legal reviews (including construction and exploitation permits)</li> <li>For projects located outside the "designated country list" (cf EP*), independent review including "Equator Principles-like" screening</li> </ul>
<b>Local impact mitigation &amp; Stakeholders' engagement and consultation</b>	<ul style="list-style-type: none"> <li>E&amp;S risk-management procedure, embedded in the internal loan approval process – e.g. Natixis' Equator Principles procedure</li> <li>Legal reviews</li> <li>Local impact assessment studies</li> <li>Construction and exploitation permits (incl. ICPE file – when applicable)</li> </ul>	<ul style="list-style-type: none"> <li>Technical and legal reviews (including construction and exploitation permits)</li> <li>For projects located outside the "designated country list" (cf EP*), independent review including "Equator Principles-like" screening</li> </ul>
<b>ESG due diligence process</b>	<ul style="list-style-type: none"> <li>E&amp;S risk-management procedure, embedded in the internal loan approval process - E.g. : Natixis' Equator Principles procedure</li> <li>Construction and exploitation permits (incl. ICPE file – when applicable)</li> <li>Know Your Customer procedure &gt; Risk mapping on project shareholders (SPV members)</li> <li>Contractual clause demanding from sponsor to report any major change to operating conditions (notably legal proceedings from local communities)</li> </ul>	<ul style="list-style-type: none"> <li>Technical and legal reviews (including construction and exploitation permits)</li> <li>For projects located outside the "designated country list" (cf EP*), independent review including "Equator Principles-like" screening Know Your Customer procedure &gt; Risk mapping on project shareholders (SPV members)</li> <li>Contractual clause demanding from sponsor to report any major change to operating conditions (notably legal proceedings from local communities)</li> </ul>
<b>Business practices' review:</b> money laundering, corruption, conflict of interest	<ul style="list-style-type: none"> <li>Know Your Customer procedure</li> <li>Compliance with LAB (anti-money laundering)</li> <li>Long term commitment</li> </ul>	<ul style="list-style-type: none"> <li>Know Your Customer procedure</li> <li>Compliance with LAB (anti-money laundering)</li> <li>Long term commitment</li> </ul>
<b>Supplier's audit:</b> financial stability and product quality	<ul style="list-style-type: none"> <li>Project finance teams' have a dedicated vetting process for suppliers as well as the recommendations from the Lenders' Technical adviser.</li> </ul>	<ul style="list-style-type: none"> <li>Project finance teams' have a dedicated vetting process for suppliers as well as the recommendations from the Lenders' Technical adviser.</li> </ul>
<b>Labour and human rights conformity and social requirements</b>	<ul style="list-style-type: none"> <li>E&amp;S risk-management procedure, embedded in the Project finance teams' internal loan approval process – e.g. Natixis' Equator Principles procedure</li> <li>TNE law compliance</li> <li>Technical and legal reviews (incl. of contractual clause on respect of labour and human rights and social legal requirements regarding international (SPV contracts))</li> </ul>	<ul style="list-style-type: none"> <li>Technical and legal reviews (including construction and exploitation permits)</li> <li>For projects located outside the "designated country list" (cf EP*), independent review including "Equator Principles-like" screening Technical and legal reviews (incl. of contractual clause on respect of labour and human rights and social legal requirements regarding international (SPV contracts))</li> </ul>

## DETAIL OF THE ELIGIBILITY CRITERIA

### ESG Selection criteria – France contextualization

The regulatory context in France provides a robust framework in terms on ESG risks management, especially with mandatory requirements and impact assessments within the ICPE (*Installation Classée pour la Protection de l'Environnement*) regulation\*

	<b>ESG Selection criteria - Supporting elements and assessment documents, applicable for both Greenfield and Brownfield assets</b>
<b>Environmental impact mitigation:</b> biodiversity, local disturbances from construction and exploitation phases, landscape	<ul style="list-style-type: none"> <li>• ICPE file</li> <li>• Construction and exploitation permits</li> <li>• Technical and legal reviews (incl. on environmental considerations and specifications)</li> <li>• Environmental impact assessment studies (if not included in the ICPE file – for registration and declaration status)</li> </ul>
<b>Local impact mitigation &amp; Stakeholders' engagement and consultation</b>	<ul style="list-style-type: none"> <li>• ICPE file (local impact assessment studies)</li> <li>• Construction and exploitation permits (public meeting / inquiry results included in the permitting process)</li> <li>• Legal reviews (incl. on social considerations and stakeholders' engagement)</li> <li>• Local impact assessment studies, incl. in environmental impact assessment studies</li> </ul>
<b>ESG due diligence process</b>	<ul style="list-style-type: none"> <li>• E&amp;S risk-management procedure, embedded in the internal loan approval process</li> <li>• Construction and exploitation permits</li> <li>• Know Your Customer procedure</li> <li>• Contractual clause demanding from sponsor to report any major change to operating conditions (notably legal proceedings from local communities)</li> </ul>
<b>Business practices' review:</b> money laundering, corruption, conflict of interest	<ul style="list-style-type: none"> <li>• Know Your Customer procedure</li> <li>• Compliance with LAB (anti-money laundering)</li> <li>• Long term commitment</li> </ul>
<b>Supplier's audit:</b> financial stability and product quality	<ul style="list-style-type: none"> <li>• Referenced list of suppliers</li> <li>• And/or Technical Review</li> </ul>
<b>Labour and human rights conformity and social requirements</b>	<ul style="list-style-type: none"> <li>• TNE law compliance (France Energy Transition Law)</li> <li>• Technical and legal reviews (incl. of contractual clause on respect of labour and human rights and social legal requirements regarding international (SPV contracts))</li> </ul>

Due to the highly regulated context regarding ESG issues in France, ESG selection criteria will be all covered within:

- ICPE file
- Construction and exploitation permits
- Technical and legal reviews
- Environmental impact assessment studies (if not included in the ICPE file – for registration and declaration status)
- Know Your Customer file
- Contractual clause demanding from sponsor to report any major change to operating conditions

\*<http://www.installationsclassees.developpement-durable.gouv.fr/>

## FOCUS ON FRANCE

The regulatory context in France provides a robust framework in terms on ESG risks management, especially with mandatory requirements and impact assessments within the ICPE (*Installation Classée pour la Protection de l'Environnement*) regulation\*

Project finance legal / business processes and supporting documents*	Binding vs Voluntary			ESG Selection Criteria					
	French Legal Requirement	Project Finance / Banking Standard Market Practice	Ad-hoc processes	Environmental impact mitigation	Local impact mitigation & Stakeholders' engagement and consultation	ESG due diligence process	Business practices' review	Supplier's audit	Labour and human rights conformity and social requirements
ICPE file (public meeting / inquiry results included in the permitting process)	✓ <i>when applicable</i>								
Construction and exploitation permits (incl. public meeting / inquiry results included in the permitting process)	✓								
Technical reviews (incl. on environmental considerations and specifications)		✓							
Legal reviews (incl. on social considerations and stakeholders' engagement, contractual clause on respect of labour and human rights and social legal requirements regarding international (SPV contracts))	✓	✓							
Environmental / Local impact assessment studies (if not included in the ICPE file – for registration and declaration status)		✓							
Know Your Customer procedure		✓							
Compliance with LAB (anti-money laundering)		✓							
Referenced list of suppliers			✓						
Long term commitment			✓						
E&S risk-management procedure, embedded in the internal loan approval process (incl. In the permitting process)	✓		✓						
Contractual clause demanding from borrower to report any major change to operating conditions (notably legal proceedings from local communities)		✓							

\* applicable for both Greenfield and Brownfield projects

# RENEWABLE ENERGY EXAMPLE OF ELIGIBLE WIND PROJECT

*Parc Eolien de Sainte Rose – Antilles*



## Valorem Sainte Rose – The Guadeloupe

Term Sheet		Key Features
<b>Type</b>	Construction Loan	<ul style="list-style-type: none"> <li>✓ Largest Wind Project of the Guadeloupe</li> <li>✓ Dedicated Energy Storage System &amp; Energy Management System developed by Valorem aiming at levelling the production level</li> <li>✓ Caisse d'Epargne CEPAC acted as Arranger and joint creditor with Agence Française de Développement (AFD)</li> </ul>
<b>Sponsors</b>	Valorem 60% Caisse des Dépôts et Consignations 30% Syndicat Mixte d'Electricité de la Guadeloupe 5% Région Guadeloupe 5%	
<b>Transaction size</b>	Eur 45m	
<b>Maturity of the loan</b>	15 years	
<b>Financial Close</b>	June 2017	



### Execution highlights

- 16 MW Wind Turbines Plant located in Guadeloupe, Lesser Antilles, France
- Biggest renewable energy project of the island that contributes to reduce the reliance on thermal plants
- The Project is developed on a Build and Operate basis by Valorem
- The Wind Turbines have a rated power of 2,000 kW each, with 90 meters of diameter and a maximum rotation speed of 19 units per minute and weight 361t
- The plant will operate under a 15-year PPA agreement with the Electricité de France and benefits from the tariffs granted by regulation to area with strong cyclonic risk
- Total project costs of EUR 48m are financed through a EUR 45m term facility.
- The original bank pool comprises CE PAC & Agence Française de Développement

# RENEWABLE ENERGY EXAMPLE OF ELIGIBLE SOLAR PROJECT

## Albioma Solaire – Reunion & Mayotte



### Albioma Solaire – The Reunion

#### Term Sheet

<b>Type</b>	Refinancing & Construction Loans
<b>Sponsors</b>	Albioma Solaire Reunion
<b>Transaction size</b>	Eur 95m
<b>Maturity of the loan</b>	12 to 21 years
<b>Financial Close</b>	June 2017

#### Key Features

- ✓ 103 Individual Plants
- ✓ Plants benefit from the ISO 14001 certification
- ✓ Caisse d'Epargne Provence Alpes Corse acted as sole creditor



#### Execution highlights

- 30.5 MW Solar Plants located in the Réunion & Mayotte, Overseas France including 15MW of plants to be built
- Contributes to reduce the reliance on thermal plants and to abandon recourse to fossil energies by 2030
- The Project is developed on a Build and Operate basis by Albioma a seasoned operator of renewable energy plants in overseas France and is secured by the a 20-year PPA agreement with the Electricité de France
- The financing covers more than a hundred of individual plants situated in the Réunion and the island of Mayotte

## RENEWABLE ENERGY EXAMPLE OF ELIGIBLE SOLAR PROJECT

### Sweihan Solar PV IPP – United Arab Emirates



#### Sweihan Solar PV IPP – United Arab Emirates

Term Sheet		Key Features
<b>Type</b>	Loan (Soft Mini Perm)	<ul style="list-style-type: none"> <li>✓ World's largest solar IPP to date</li> <li>✓ Lowest levelized cost of electricity ("LCOE") ever achieved globally at this time, with an LCOE of US\$ 2.94c per kWh</li> <li>✓ Natixis acted as Mandated Lead Arranger, Technical Bank and Hedge Provider</li> </ul>
<b>Sponsors</b>	Abu Dhabi Water and Electricity Authority ("ADWEA") (60%) Marubeni Corporation (20%) JinkoSolar Holding Co., Ltd. (20%)	
<b>Transaction size</b>	USD 665,000,000	
<b>Maturity of the loan</b>	c. 24 years post completion	
<b>Financial Close</b>	May 2017	



#### Execution highlights

- 1,177 MWp Solar PV Plant located in Sweihan, Abu Dhabi, UAE
- The Project is developed on a Build, Own and Operate basis by ADWEA, Marubeni and JinkoSolar
- The plant will operate under a 25-year PPA agreement with the Abu Dhabi Water & Electricity Company ("ADWEC", fully owned subsidiary of ADWEA)
- Scheduled COD is set for 1st May 2019. EPC Contractor is Sterling & Wilson. JinkoSolar will supply the monocrystalline PV modules and Ingeteam Energy will provide the inverters. During the first two years of operation, the operation & maintenance will be undertaken by the EPC contractor, and will then be carried in-house
- Total project costs of US\$ 872m are financed through a US\$ 648m term facility structured as a soft mini perm, with remaining costs funded by equity and pre-completion revenues based on a debt-to-equity ratio of 74:26. An additional standby facility was also raised to fund any potential cost overruns
- The original bank pool comprises Natixis, MUFG, MUTB, the Norinchukin Bank, SMBC, CA-CIB, BNPP and First Abu Dhabi Bank



# RENEWABLE ENERGY EXAMPLE OF ELIGIBLE OFFSHORE WIND PROJECT

## Galoper – United Kingdom



### Galoper – United Kingdom

Term Sheet		Key Features
<b>Type</b>	Loan	✓ First offshore wind deal arranged by Natixis in the UK, the largest offshore wind market in Europe
<b>Sponsors</b>	Siemens Financial Services (25%) RWE (25%) Green Investment Bank (25%) Macquarie (25%)	✓ Strong experience and track-record of the Sponsors and contractors. Notably RWE, as Construction & Operation Manager and Offtaker, and Siemens, as Turbine Supplier and O&M Contractor
<b>Transaction size</b>	GBP 1,370,000,000	✓ Solid off-take regime with PPAs signed with Statkraft (A-S&P) and RWE (BBB+ S&P) over debt maturity ,
<b>Maturity</b>	c.15 years post completion	✓ Solid and proven RO regime offering a tail of 4 years vs debt maturity

### Execution highlights

- The project comprises the design, construction, operation and maintenance of the 336MW offshore wind farm Galoper located in the North Sea off the coast of Suffolk, England
- Contractual structure during construction is organized around 5 major contracts during construction with reputable counterparties, all of which are in the EPCI form, hence limiting interface risks, enabling clear triggers for liquidated damages and reducing knock on effects of delays
- During operations, the scheduled and unscheduled maintenance of the WTGs and all additional supplies of equipment by Siemens is covered under a 'full service' offshore long term program contract with Siemens matching debt maturity and including vessel provision and a strong 95% technical availability guarantee. The Project will be managed during construction and operation by RWE utilizing its significant track-record (1.4 GW of offshore wind built and operated).
- The Project is expected to benefit from renewable support under the RO regime for a term of 19 years. Imbalance risk will be borne by both offtakers and power price forecasts provided by market consultant Poyry consider generation weighted assumptions for the profile cost effect. The Term Loan has been sculpted and amortizing over the debt maturity of c.15 years , thereby leaving 4 year-tail vs. RO maturity.
- Natixis acted as Mandated Lead Arranger. In that transaction Natixis also acted as Insurance Bank as well as Hedging Bank and Bookrunner.

## DEFINITION, ASUMPTIONS AND REFERENCES

- The **Equator Principles defined Designated Countries** as countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. As of September 2017, the following countries are Designated Countries: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Republic of Korea, Latvia, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States.
- The 8 IFC performance standards :
  1. Assessment and Management of Environmental and Social Risks and Impacts
  2. Labor and Working Conditions
  3. Resource Efficiency and Pollution Prevention
  4. Community Health, Safety and Security
  5. Land Acquisition and Involuntary Resettlement
  6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
  7. Indigenous Peoples
  8. Cultural Heritage
- **GHG accounting methodology and assumptions** - The determination of the GHG emissions from projects has been released on the EIB methodology (Methodologies for the Assessment of Project GHG Emissions and Emission Variations - Version 10,1)  
[http://www.eib.org/attachments/strategies/eib\\_project\\_carbon\\_footprint\\_methodologies\\_en.pdf](http://www.eib.org/attachments/strategies/eib_project_carbon_footprint_methodologies_en.pdf) For Biomass, GHG emissions avoided are based on IPCE documentation or the Business plan
- **Annual energy produced** - Figures are last annual project energy production. If such figures are not available, figures are the estimated annual energy production (based on the project business plan)