

# Second-Party Opinion

## CEC Renewables Green Bond Framework



### Evaluation Summary

Sustainalytics is of the opinion that the CEC Renewables Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds – Renewable Energy – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



**PROJECT EVALUATION AND SELECTION** CEC-R’s Green Bond Committee (the “Committee”) will evaluate, select and monitor eligible projects. The Board Committee consists of the Chief Financial Officer, Chief Legal Counsel, Chief Projects Officer, Senior Manager HSES & Risk and Head Corporate Communications. CEC-R has internal processes to address environmental and social risks associated with the eligible assets. Sustainalytics considers these processes to be in line with market practice.



**MANAGEMENT OF PROCEEDS** The Executive Committee of CEC’s Board and the Accountant of CEC-R will be responsible for the management and allocation of proceeds to eligible projects through an internal tracking system. The Company will allocate the net proceeds at the time of issuance. Pending allocation, proceeds will be temporarily held in bank deposits. This is in line with market practice.



**REPORTING** CEC-R commits to report on the allocation of proceeds on Copperbelt Energy Corporation PLC’s website on an annual basis. The allocation report will include the total amount of proceeds allocated to eligible assets, the balance of unallocated proceeds, the share of financing versus refinancing and, where relevant, the breakdown per type of eligible assets. In addition, CEC-R is committed to reporting on relevant impact metrics. Sustainalytics views CEC-R’s allocation and impact reporting commitments as aligned with market practice.

<b>Evaluation Date</b>	November 8, 2023
<b>Issuer Location</b>	Kitwe, Zambia

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## Introduction

CEC-Renewables Limited (“CEC-R” or the “Company”) is a power generation company wholly owned by Copperbelt Energy Corporation PLC (“CEC” or the “Group”), which is focused on the development and integration of renewable energy, particularly solar and wind, in Zambia. CEC-R currently has two assets, the Riverside Solar PV plant with 34.15 MWp of capacity and the Itimpi Solar Development Project, which has a 60 MWp solar PV facility that is expected to commence commercial operations in December 2023. Incorporated in October 2022, CEC-R is headquartered in Kitwe, Zambia.<sup>1</sup>

CEC-R has developed the CEC Renewables Green Bond Framework, dated November 2023 (the “Framework”), under which it intends to issue multiple green bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that contribute to the diversification of renewable energy sources in Zambia. The Framework defines eligibility criteria in one area:

### 1. Renewable Energy

CEC-R engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>2</sup> The Framework will be published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of CEC-R’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. CEC-R representatives have confirmed (1) they understand it is the sole responsibility of CEC-R to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CEC-R.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness,

<sup>1</sup> CEC, “CEC – Market Announcement”, (2023), at: <https://cecinvestor.com/cec-market-announcement-incorporates-cec-renewables/>

<sup>2</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>3</sup> The CEC Renewables Green Bond Framework will be available on CEC-R’s website at: <https://cecinvestor.com>

<sup>4</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

reliability or completeness of any facts or statements and related surrounding circumstances that CEC-R has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the CEC Renewables Green Bond Framework

Sustainalytics is of the opinion that the CEC Renewables Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles (GBP). Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible category -Renewable Energy - is aligned with those recognized by the GBP.
  - CEC-R has defined a look-back period of 36 months for refinancing of operating expenditures under the Framework, which Sustainalytics considers to be in line with market expectations.
  - Under the Renewable Energy Category, CEC-R may finance or refinance the development of the following:
    - Solar photovoltaic (PV) assets and battery storage systems exclusively connected to these assets.
    - Sustainalytics considers these investments to be aligned with market practice.
- Project Evaluation and Selection:
  - CEC-R has established a Green Bond Committee (the "Committee"). The Board Committee consists of the Chief Financial Officer, Chief Legal Counsel, Chief Projects Officer, Senior Manager HSES & Risk and Head Corporate Communications. The Committee is responsible for evaluating, selecting and monitoring eligible assets against the eligibility criteria set in the Framework.
  - In addition to project selection criteria that are based on projects' environmental impact, social benefits, economic viability, regulatory compliance and environmental and social track record, CEC-R will identify, manage and mitigate environmental and social risks through due diligence and risk assessment processes. For additional details, please see Section 2.
  - Based on the defined role and responsibility for project evaluation and selection and the presence of risk management processes, Sustainalytics considers CEC-R's project evaluation and selection process to be in line with market expectations.
- Management of Proceeds:
  - The Executive Committee of CEC-R's Board, together with the Accountant of CEC-R, will be responsible for the management of proceeds using a portfolio approach and will track the allocation of proceeds using internal tracking systems.
  - CEC-R intends to fully allocate the proceeds within 12 months after the issuance.
  - Pending allocation, proceeds will be temporarily held in bank deposits.
  - Based on the allocation process and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - CEC-R is committed to reporting on the allocation of proceeds and related impact in its Annual Report on CEC's website.
  - Allocation reporting will include the total amount of proceeds allocated to eligible asset, the balance of unallocated proceeds, and the share of financing versus refinancing and, where relevant, the breakdown per type of eligible green assets.
  - Impact metrics may include annual estimated carbon emissions avoided (tCO<sub>2e</sub>) and capacity of renewable energy production connected in the grid (MW).
  - Based on CEC-R's commitment to report on the allocation and impact, Sustainalytics considers this process to be in line with market practice.

#### Alignment with Green Bond Principles 2021

Sustainalytics has determined that the CEC Renewables Green Bond Framework aligns with the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of CEC-R

### Contribution to CEC-R's sustainability strategy

CEC-R has confirmed to Sustainalytics that CEC's 2023-2027 business strategy applies to CEC-R. Through this strategy, CEC has committed to integrate and measure sustainability performance along with financial and operational performance for the next five years.<sup>5</sup>

CEC has also set a target of achieving net zero carbon emissions from assets and operations by 2027. CEC intends to achieve this target through several initiatives, such as investments in renewable energy technologies, biodiversity protection programmes, carbon emissions reduction and waste recycling.<sup>6</sup> In October 2022, CEC-R was incorporated as CEC's renewable energy platform to develop and operate renewable energy generation facilities. Under this platform, CEC aims to achieve 300 MW of solar generation capacity in the medium term. Additionally, CEC is investing in carbon sequestration through afforestation projects. The Group aims to plant 500,000 trees by 2023 and is considering planting another 500,000 trees between 2024 and 2027 in 10 districts of the Copperbelt province. In 2022, the carbon absorption capacity from 240,000 trees planted represented 13.6% of the total amount of carbon emitted by the Group during the year.<sup>7</sup>

Sustainalytics acknowledges CEC-R's intention to use proceeds from the bonds issued under the Framework to finance or refinance renewable energy generation projects and is of the opinion that the Framework is aligned with the Company's sustainability objectives. Nevertheless, Sustainalytics encourages CEC-R to establish quantified time-bound targets and to publicly disclose and report on its progress towards them.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have a positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects may include issues involving i) occupational health and safety, ii) emissions, effluents and waste generated during construction, iii) land use and biodiversity, iv) supply chain sustainability, and v) community relations and impacts on local communities.

CEC's environmental and social risk management, including measures, systems and policies, are applicable to CEC-R's business operations. Sustainalytics is of the opinion that CEC-R is able to manage or mitigate potential risks by implementing the following:

- In accordance with the Safety, Health, Environmental and Quality Policy and ISO 14001:2015,<sup>8</sup> CEC has implemented an environmental and social management system for its renewable energy projects in Zambia. The management system outlines the Group's environmental, social and safety policy, and details CEC's approach to addressing common environmental, occupational health and safety, labour and community risks and impacts.<sup>9,10</sup> CEC has developed in its governance structure, a Health, Safety, Environment and Social (HSES) committee for handling the process and performance of the occupational health and safety of its employees, contractors and suppliers.<sup>11</sup>
- To minimize occupational health and safety risks, the Group conducts and facilitates internal and external safety training for its employees, which includes risk identification, risk evaluation and preventive action education. CEC's occupational health and safety procedures follow the guidelines of the ISO 45001 standard, which specifies the requirements for an occupational health and safety management system.<sup>12,13</sup>
- To ensure proper storage, treatment and disposal of waste generated at its facilities, CEC has established a Waste Management Procedure that outlines processes to manage non-hazardous waste and a Hazardous waste Management Procedure that outlines the management of hazardous waste. Specialized waste management companies approved by the Zambia Environmental Management Agency treat and dispose of hazardous waste generated at the

<sup>5</sup> CEC, "Annual Report", (2022), at: <https://cecinvestor.com/cec-2022-annual-report/>

<sup>6</sup> CEC, "Annual Report", (2022), at: <https://cecinvestor.com/cec-2022-annual-report/>

<sup>7</sup> Ibid.

<sup>8</sup> ISO, "ISO 14001 and related standards-Environmental management", at: <https://www.iso.org/iso-14001-environmental-management.html>

<sup>9</sup> CEC, "Safety, Health, Environmental and Quality Policy", at:

[https://docs.google.com/file/d/0B7eB\\_13EKH3\\_dkIQYjFKZzgyd2M/view?rm=minimal&pli=1&resourcekey=0-rvqiJuskq0abqT-7eBIReg](https://docs.google.com/file/d/0B7eB_13EKH3_dkIQYjFKZzgyd2M/view?rm=minimal&pli=1&resourcekey=0-rvqiJuskq0abqT-7eBIReg)

<sup>10</sup> The ISO 14001:2015 standard specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. More details at: <https://www.iso.org/iso-14001-environmental-management.html>

<sup>11</sup> CEC, "Annual Report", (2022), at: <https://cecinvestor.com/cec-2022-annual-report/>

<sup>12</sup> ISO, "ISO 45001 and related standards Occupational health and safety", at: <https://www.iso.org/iso-45001-occupational-health-and-safety.html>

<sup>13</sup> CEC, "Annual Report", (2022), at: <https://cecinvestor.com/cec-2022-annual-report/>

- Group's sites. Regarding non-hazardous waste management, the Group trains employees on correct waste classification and handling practices.<sup>14</sup>
- CEC complies with the Environmental Protection and Pollution Control (Environmental Impact Assessment) Regulations, applied together with the Environmental Management Act No.12 of 2011<sup>15</sup> for the development of renewable energy projects.<sup>16</sup> The regulations and the act require that projects in Zambia that are likely to have a significant impact on the environment be adequately assessed before approval. They also require measures to avoid, prevent, reduce and offset significant negative effects on the environment, especially those on species and habitats. The regulations, which identify land use as a consideration when carrying out land-intensive projects, also require that: i) land use-related impacts be identified, described and assessed with an environmental impact assessment; and ii) large-scale projects limit negative impacts on land and soil.<sup>17</sup>
  - To manage supply chain risks, CEC has developed a Supply Chain Management Policy to ensure that suppliers adhere to the Group's code of conduct.<sup>18</sup> CEC has also developed Green Procurement Guidelines for ensuring sustainable procurement among contractors and suppliers.<sup>19</sup>
  - Regarding stakeholder management, CEC has established a Corporate Social Responsibility Policy, through which it commits to integrating community investment considerations into its business practices and to contributing to improve communities' quality of life.<sup>20</sup> CEC runs periodical community sensitization engagements on safety and environment topics.<sup>21</sup>
  - CEC has a Grievance Mechanism Procedure for employees and external third parties affected by the Company's projects and operations to report suspected human rights violations and request assistance online reporting, in person and by phone.<sup>22</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CEC-R has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics describes below the impact in the local context.

#### Impact of solar energy generation in Zambia

Wood fuel, such as firewood and charcoal, accounts for more than 70% of Zambia's total energy consumption, which puts strong pressure on forestry resources in the country.<sup>23</sup> The electrification rate remains low, with only 31.2% of the population connected to the grid in 2019 and a low energy consumption of 700 kWh per capita.<sup>24</sup> Zambia also has very low resource diversification of modern energy services with almost total dependency on large hydropower power plants and high technical and commercial losses.<sup>25</sup> As of 2022, hydropower accounted for 96% of Zambia's renewable energy capacity and solar power accounted for only 3%.<sup>26</sup> Over the past two decades, droughts in southern Africa have significantly reduced the electrical output of Zambia's hydropower plants, which has induced power crises and increased dependence on expensive, fossil fuel-based generation.<sup>27,28</sup>

To address these challenges, several initiatives have been launched in Africa and Zambia. In 2023, the African Union incorporated the development of a sustainable energy mix into its vision of being a

<sup>14</sup> Sustainalytics had access to the Waste Management Procedure.

<sup>15</sup> Zambia Parliament, "The Environmental Management Act, 2011", (2011), at:

<https://www.parliament.gov.zm/sites/default/files/documents/acts/Environmental%20Mangement%20Act%2012%20of%202011.pdf>

<sup>16</sup> Government of Zambia, "The Environmental Protection and Pollution Control (Environmental Impact Assessment) Regulations", (1997), at:

<http://www.azmec.co.zm/downloads/acts/SI%2028%20EPPCA%20ACT%201997%20EIA%20Regulations.pdf>

<sup>17</sup> Ibid.

<sup>18</sup> CEC shared the Supply Chain Management Policy confidentially with Sustainalytics.

<sup>19</sup> CEC shared the Green Procurement Policy confidentially with Sustainalytics.

<sup>20</sup> Sustainalytics had access to the Corporate Social Responsibility Policy.

<sup>21</sup> CEC, "Annual Report", (2022), at: <https://cecinvestor.com/cec-2022-annual-report/>

<sup>22</sup> CEC shared the Grievance Mechanism Procedure confidentially with Sustainalytics.

<sup>23</sup> Climate Investment Funds, "SREP Investment Plan for Zambia", (2019), at:

[https://d2qx68gt0006nn.cloudfront.net/sites/cif\\_enc/files/meeting-documents/srep\\_20\\_7\\_investment\\_plan\\_zambia\\_final\\_0.pdf](https://d2qx68gt0006nn.cloudfront.net/sites/cif_enc/files/meeting-documents/srep_20_7_investment_plan_zambia_final_0.pdf)

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> IRENA, "Energy Profile – Zambia", (2023), at:

[https://www.irena.org/-/media/Files/IRENA/Agency/Statistics/Statistical\\_Profiles/Africa/Zambia\\_Africa\\_RE\\_SP.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Statistics/Statistical_Profiles/Africa/Zambia_Africa_RE_SP.pdf)

<sup>27</sup> The World Bank, "Unlocking Low-Cost, Large-Scale Solar Power in Zambia", (2019), at:

<https://www.worldbank.org/en/news/feature/2019/05/14/unlocking-low-cost-large-scale-solar-power-in-zambia>

<sup>28</sup> Climate Investment Funds, "SREP Investment Plan for Zambia", (2019), at:

[https://d2qx68gt0006nn.cloudfront.net/sites/cif\\_enc/files/meeting-documents/srep\\_20\\_7\\_investment\\_plan\\_zambia\\_final\\_0.pdf](https://d2qx68gt0006nn.cloudfront.net/sites/cif_enc/files/meeting-documents/srep_20_7_investment_plan_zambia_final_0.pdf)

prosperous, self-driven and dynamic region in the international arena.<sup>29,30</sup> Launched in 2015 and operating under the mandate of the African Union, the Africa Renewable Energy Initiative (AREI) seeks to support the transition to renewable energy in Africa by providing regional consultations to identify priorities and plan for the necessary projects and programmes.<sup>31,32</sup> In 2017, the government of Zambia launched the Renewable Energy Feed-in Tariff (REFiT) strategy to promote private investment for small- and medium-sized renewable energy projects up to 20 MW.<sup>33</sup> The Global Energy Transfer Feed-in-Tariff (GETFiT) programme, which is the implementation programme of the REFiT strategy and has the support of KfW Development Bank of Germany, aimed to procure up to 205 MW of renewable energy capacity.<sup>34</sup> Under the first round of GETFiT in 2019, Zambia awarded contracts for the development of up to 120 MW of PV capacity.<sup>35</sup> Additionally, in 2017, Zambia was the first country to implement the Scaling Solar programme with the support of the World Bank Group, which aims to expedite the development of privately owned, utility-scale solar PV projects in Sub-Saharan Africa. Through this programme the Zambian government aims to procure 600 MW of solar PV power and to target an overall increase in electricity generation to 6,000 MW by 2030.<sup>36</sup>

Based on the above, Sustainalytics is of the opinion that CEC’s financing of solar energy facilities for electricity generation is expected to assist Zambia’s transition to a diversified renewable, low-carbon economy.

**Contribution to SDGs**

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the CEC Renewables Green Bond Framework are expected to advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

**Conclusion**

CEC-R has developed the CEC Renewables Green Bond Framework under which it may issue green bonds and use the proceeds to finance solar energy generation. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The CEC Renewables Green Bond Framework outlines processes for tracking, allocation and management of proceeds, and makes commitments for CEC Renewables Green Bond Framework to report on allocation and impact. Sustainalytics believes that the CEC Renewables Green Bond Framework is aligned with CEC-R’s overall sustainability strategy and that use of proceeds will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics considers that CEC-R has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that CEC-R is well positioned to issue green bonds and that the CEC Renewables Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

<sup>29</sup> African Union, “Agenda 2063: The Africa We Want,” (2013), at: <https://au.int/en/agenda2063/overview>

<sup>30</sup> African Union, “Goals & Priority Areas of Agenda 2063,” (2013), at: <https://au.int/agenda2063/goals>

<sup>31</sup> Africa Renewable Energy Initiative, “Sixth Meeting of the Board of Directors,” (2018), at: [http://www.arei.org/wp-content/uploads/2018/09/Communique-sixth-board-meeting\\_ENG.pdf](http://www.arei.org/wp-content/uploads/2018/09/Communique-sixth-board-meeting_ENG.pdf)

<sup>32</sup> Africa Renewable Energy Initiative, “AREI”, (2023), at: <http://www.arei.org/#about>

<sup>33</sup> Climate Investment Funds, “SREP Investment Plan for Zambia”, (2019), at: [https://d2qx68gt0006nn.cloudfront.net/sites/cif\\_enc/files/meeting-documents/srep\\_20\\_7\\_investment\\_plan\\_zambia\\_final\\_0.pdf](https://d2qx68gt0006nn.cloudfront.net/sites/cif_enc/files/meeting-documents/srep_20_7_investment_plan_zambia_final_0.pdf)

<sup>34</sup> GET FiT Zambia, “GET FiT Zambia 2022 Annual Update”, (2023), at: <https://getfit-zambia.org/news/get-fit-zambia-2022-annual-update>

<sup>35</sup> Global Climate Scope, “Zambia”, at: <https://www.global-climatescope.org/markets/zm/>

<sup>36</sup> The World Bank, “Unlocking Low-Cost, Large-Scale Solar Power in Zambia”, (2019), at: <https://www.worldbank.org/en/news/feature/2019/05/14/unlocking-low-cost-large-scale-solar-power-in-zambia>

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

Issuer name: CEC-Renewables Limited

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: CEC Renewables Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: November 8, 2023

Publication date of review publication:

#### Section 2. Review overview

##### SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
  - Use of Proceeds
  - Process for Project Evaluation and Selection
  - Management of Proceeds
  - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

##### ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

##### Does the review include a sustainability quality score?

- Of the issuer
- Of the project
- Of the Framework
- Other (please specify):
- No scoring

##### ASSESSMENT OF THE PROJECT(S)

**Does the review include:**

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

**ISSUER'S OVERARCHING OBJECTIVES**

**Does the review include:**

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

**CLIMATE TRANSITION STRATEGY**

**Does the review assess:**

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

**Overall comment on this section:**

The eligible category for the use of proceeds Renewable Energy is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

**Section 3. Detailed review**

**1. USE OF PROCEEDS**

**Does the review assess:**

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

**Does the review assess if the issuer provides clear information on:**

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

**Overall comment on this section:**

The eligible category for the use of proceeds Renewable Energy is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

### Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones. *Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.*
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

### Overall comment on this section:

CEC-R's Green Bond Committee (the "Committee") will evaluate, select and monitor eligible projects. Board Committee consists of the Chief Financial Officer, Chief Legal Counsel, Chief Projects Officer, Senior Manager HSES & Risk and Head Corporate Communications. CEC-R has internal processes to address environmental and social risks associated with the eligible assets. Sustainalytics considers these processes to be in line with market practice.

## 3. MANAGEMENT OF PROCEEDS

### Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

### Overall comment on this section:

The Executive Committee of CEC-R's Board and the Accountant of CEC-R will be responsible for the management and allocation of proceeds to eligible projects through an internal tracking system. The Company will allocate the net proceeds at the time of issuance. Pending allocation, proceeds will be temporarily held in bank deposits. This is in line with market practice.

## 4. REPORTING

### Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

### Overall comment on this section:

CEC-R commits to report on the allocation of proceeds on Copperbelt Energy Corporation PLC's website on an annual basis. This report will include the total amount of proceeds allocated to eligible assets, the balance of unallocated proceeds, the share of financing versus refinancing and where relevant, the breakdown per type of eligible green assets. In addition, CEC-R is committed to reporting on relevant impact metrics. Sustainalytics views CEC-R's allocation and impact reporting commitments as aligned with market practice.

## Section 4. Additional Information

**Useful links** (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

**Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:**

**Additional assessment in relation to the issuer/bond framework/eligible project(s):**

### ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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