

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Green Lucca S.p.A.
03 December 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bonds
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles (June 2021) as administered by ICMA, EU Taxonomy Climate Delegated Act (June 2021)
Scope of verification	<ul style="list-style-type: none">• Green Lucca Green Bond Framework (as of 30.11.2021)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as no material changes are made to the Framework

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Scope of work

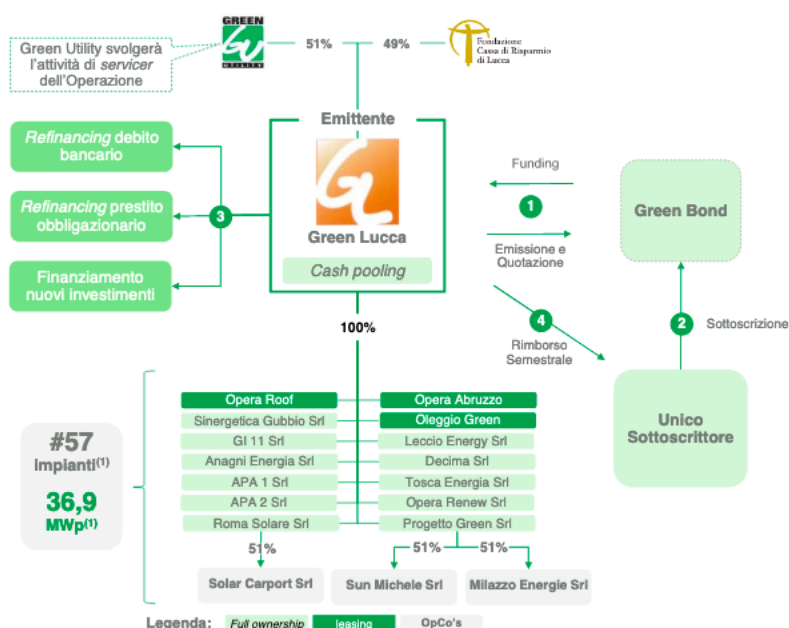
Green Lucca S.p.A. (“the Issuer”) commissioned ISS ESG to assist with its Green Bond Framework by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Bond Framework link to Green Lucca’s sustainability strategy – drawing on Green Lucca’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Green Lucca’s Green Bond Framework (30 November 2021 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) (June 2021), EU Taxonomy Climate Delegated Act (June 2021).
3. The eligible project categories – whether the projects contribute positively to the UN SDGs and are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria) (June 2021) and Minimum Social Safeguards requirements.

GREEN UTILITY BUSINESS OVERVIEW

Green Utility, established in 2007, has since its inception invested in green initiatives alone or alongside large financial players (e.g. mutual funds, investment companies, institutional investors, banks, family offices). Green Utility Group's largest investment is Green Lucca Spa, an investment company participated by Cassa di Risparmio di Lucca Foundation, which holds investments for over € 80m.

The Company, at the time of the issue of the Green Bond, will manage equity investments that will control 57 plants for a total power of 36.9 MWp (of which 23.5 MWp subject to refinancing through the proceeds coming from the Green Bond issuance and 13.8 MWp whose free financial flows will, in any case, be placed at the service of the Green Bond).



Note: (1) includono anche #7 impianti gestiti direttamente da Green Lucca per complessivi 3,9MWp. Non tengono conto delle acquisizioni future con i proventi generati dal bond.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Green Bond Framework link to issuer's sustainability strategy</p>	<p>Green Lucca is an Italy-based renewable energy company controlled by Green Utility. Green Utility is an energy services company; it develops and operates solar power plants.</p> <p>ISS ESG finds that the Use of Proceeds financed through these green bonds are broadly consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing green bonds is clearly described by the issuer.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with GBP</p>	<p>The issuer has defined a formal concept for its Green Bond Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles (2021).</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Sustainability quality of the Selection criteria</p>	<p>The overall sustainability quality of the Selection criteria in terms of sustainability benefits is good based upon the ISS ESG assessment. The Green Bond Framework will (re-)finance eligible asset categories which include: renewable energy.</p> <p>Those use of proceeds categories have a significant contribution to SDGs 7 'Affordable and clean energy' and 13 'Climate action'.</p>	<p>Positive</p>
<p>Part 4:</p> <p>Alignment with the EU Taxonomy</p>	<p>ISS ESG assessed the alignment of Green Lucca's selection criteria against the requirements of the EU Taxonomy (Climate Delegated Act version of June 2021), on a best-efforts basis². Based on robust processes for selection, the nominated project categories are considered to be:</p> <ul style="list-style-type: none"> • Aligned with the Climate Change Mitigation Criteria under the Technical Annex I³, section 4.1 • Aligned with all of the relevant Do No Significant Harm Criteria under section 4.1, except for Climate Change Adaptation • Aligned with the Minimum Social Safeguards requirements 	

¹ ISS ESG's evaluation is based on the Green Lucca's Green Bond Framework (30.11.21), and on the and on the ISS ESG Indicative Corporate Rating applicable at the SPO delivery date.

² Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis".

³ https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND FRAMEWORK LINK TO GREEN LUCCA'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF GREEN UTILITY'S INDICATIVE SUSTAINABILITY PROFILE

Methodological note: *As Green Lucca is controlled by Green Utility, who is tasked with the control and governance of social and environmental risks and opportunities of the projects carried out by Green Lucca, ISS ESG deemed more appropriate to analyze the ESG sustainability profile of the parent.*

Please note Green Utility is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Renewable sector based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry Classification

Renewable Electricity

Key Issues of the industry

1. Labour standards and working conditions
2. Promotion of a sustainable energy system
3. Responsible land use and biodiversity management
4. Protection of human rights and community outreach

Indicative ESG risk and performance assessment

Green Utility is an Italy-based energy services company, which mostly develops and operates solar power plants. The company's business model plays a positive role in the transition towards a sustainable energy system.

For a solar power project developer, one of the key sustainability challenges is to ensure the safety of employees, contractors and business partners involved in the construction, operation and maintenance of its solar power plants. Green Utility is a small company with less than 100 employees and is exclusively active in Italy where high legal health and safety requirements are in place. While the company is apparently certified to the international health and safety management standard OHSAS 18001, it does not disclose any accident rate data for its employees or contractors.

The company systematically conducts environmental impact assessments for its solar power projects, covering biodiversity aspects. In addition, as most of the company's solar projects seem to be either on roof-tops or brownfield sites, risks related to the opposition of local communities and regarding land use are probably rather small.

Indicative product portfolio assessment

Social impact of the product portfolio

The operation of solar power plants is considered to have neither a positive nor a negative social impact.

Environmental impact of the product portfolio

Green Utility is an Italy-based energy services company which focuses on the development and operation of solar power plants. In addition, the company provides energy efficiency and e-mobility services (e.g. charging systems for electric vehicles). Electricity generation from renewable energy sources, such as solar power, contributes significantly to the fight against climate change and to the transition towards a more sustainable energy system.

Controversy Assessment

Company Screening

The analyst in charge of producing this report conducted a high-level controversy assessment, based on publicly available information exclusively. There is no indication of Green Utility being involved in any of the below mentioned controversies.

Industry risks

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Renewable Electricity sector are as follows: alleged failure to prevent depletion of biodiversity, failure to assess environmental impacts and poor stakeholder consultation. This is closely followed by alleged failure to prevent air pollution, failure to respect the right to safe and healthy working conditions and to respect the right to an adequate standard of living.

B. CONSISTENCY OF GREEN BOND FRAMEWORK WITH GREEN LUCCA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Green Lucca, as part of Green Utility Group, operates through an integrated business model. It develops, acquires, owns and runs renewable power plants with focus on solar power projects and other related activities, including financial and physical power trading. The Green Lucca investment process covers planning and development of all the phases: structure of the equity/debt financial leverage, engineering, procurement, and construction of the plants/revamping activities on plants, and finally operates and manages the assets.

The Green Utility Group business model encompass intensive scouting activities, construction on an efficient basis, sustainable financing strategy, and long-term view of ownership. Operating and financial control of the power plants lays within the Green Utility Group, ensuring that the integrated business model is applied to ensure plants productivity.

Green Lucca's stated mission is to deliver competitive and sustainable renewable energy in Italy. The main sustainability pillars contribute to achieve these goals:

- Annual renewable energy generation in MWh (electricity);
- Capacity of renewable energy plant(s) constructed or restored in MWp;
- Annual CO2 emissions reduced/avoided.

Sustainability is an integral part of Green Utility Group, being embedded in its business units, including project development, solutions/execution, asset management and operations. Green Utility Group through the development of solar projects endeavors to contribute facing the climate challenge and bridging the Italian energy gap.

Rationale for issuance

The production of energy from renewable sources must meet the growing demand for green energy, facing the great challenge of the future: global warming and securing the energy supply. For this reason, Green Lucca intends to issue a Green Bond; its proceeds will be used to refinance existing photovoltaic projects and to finance the acquisition of certain additional photovoltaic plants.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Bond Framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Renewable Electricity sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
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Renewable Energy	✓	✓	Contribution to a material objective
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Opinion: *ISS ESG finds that the Use of Proceeds financed through this bond are broadly consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.*

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

Green Lucca intends to allocate an amount at least equal to the net proceeds from the issuance of the Green Bond to:

1. reimburse all current financial indebtedness arising in connection with existing photovoltaic projects and cancel the related security documents as well as the ones connected to specific leasing agreements;
2. finance the acquisition electricity generation facilities that produce electricity using solar photovoltaic (PV) technology, as well as the installation, maintenance and repair of renewable energy technologies (4.1 EU Taxonomy for sustainable activities); finance the assets or activities that meet the eligibility requirements defined below and provide distinct environmental benefits (e.g., additional photovoltaic plants));
3. finance the revamping/repowering of the Group's photovoltaic plants in order to recover productivity and increase the performance (target of recover: +15%/20% of yearly production);
4. finance the acquisition of solar plants on industrial areas/roofs and/or environmentally compromised areas to recover them for productive use;

which shall meet the Eligibility Criteria (as defined below) (together, the "Green Eligible Assets"). Green Lucca intends to allocate 77% of the proceeds in re-financing and reimbursement operations, and the residual 23% in financing activities.

The investments in Green Eligible Assets carried out by Green Lucca will help to reduce the carbon footprint in the geographical areas in which Green Lucca operates, having thus a strong positive environmental impact. In addition, Green Lucca believes that its Green Bond will support the achievement of the United Nations Sustainable Development Goals (SDGs), set forth below and as part of the company's sustainability priorities. Green Lucca, as part of Green Utility Group, will consistently exercise its professional judgment, discretion and sustainability expertise in identifying Green Eligible Assets.

The Green Eligible Assets are defined as investments that promote the green energy transition, such as direct investments in renewable energy. This may include the acquisition of such projects and investment by acquiring the capital of companies that own such assets. In this case Green Lucca will have significant operating influence anyway, and the use of proceeds will be consistent with the fair/market value of the Green Eligible Assets owned by the acquired company, adjusted by the share of equity acquired.

Through the issue of the Green Bond, Green Lucca will contribute to the achievement of one or more of the following environmental objectives of the EU Sustainable Finance Taxonomy:

1. Climate change mitigation;
2. Climate change adaptation;

Eligible Green Assets are considered to provide environmental benefits that mainly contribute to:

- a. Avoid and reduce CO2 emissions;
- b. Create independence of supply sources;
- c. Reduce energy loss to the grid through on-site energy consumption;
- d. Provide renewable energy production facilities to the Italian energy grid;
- e. Diversify the national energy grid and stabilize the cost of electricity from renewable energy for consumers.

The hypotheses of use of the funds raised are:

- Refinance project debt from renewable energy assets owned by Green Lucca Spa: Green Lucca and his subsidiaries, control current financial debt consisting of project financing and bank loans, at SPV and Company level, for a total amount of nearly € 40 Mio plus € 20 Mio as a bond at Company level.
- Finance new Eligible Green Projects as below:
 - o acquisition of existing incentive plants, increasing their performance thanks to the implementation of revamping and repowering interventions, aimed at replacing obsolete and deteriorated technology. Thanks also to the introduction of the Italian legislative decree 76/2020, the authorization process for the implementation of these interventions is simplified.
 - o acquisition of photovoltaic systems (which do not enjoy feed-in-tariff benefits) on roofs of industrial buildings, logistic facilities and exhibition centers, whose energy is sold to end users/building operating owners/tenants exploiting the SEU (Sistema Efficiente di Utenza or User Efficient System) regulations & its benefits.

Furthermore, as far as the proceeds arising in connection with the Green Bond are concerned, no investments will be made in companies which, as part of their core business activities, are involved in:

- (a) production of weapons;
- (b) gambling;
- (c) mining;
- (d) extraction of crude oil and/or shale gas, wholesale of oil or oil products; construction and development of nuclear power plants.

Opinion: ISS ESG considers the Use of Proceeds description provided by Green Lucca's Green Bond Framework as aligned with the Green Bond Principles as administered by ICMA. Environmental and social benefits are described and quantified. Transparency on the share of re-financing vs financing, as well as the exclusion of fossil fuels projects and the commitment to report on potential controversies are considered to be best market practice.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

The screening process for eligible green projects is executed and coordinated by Green Lucca Board of Directors, with the support of senior management of Green Utility's Investment Management Department, such as the Financial Director, the General Managers of the Property Management Division and the System Integration Division. Green Lucca will conduct a screening and selection process for each Eligible Green Asset to ensure that it meets the eligibility criteria described in this Green Bond Framework. Green Lucca also is committed to publishing on its website the data related to controversies or potential ESG risks identified in the framework agreement report in order to ensure a transparent administration.

Green Lucca's investment selection and implementation process follows an accurate and defined procedure, so that Board of Directors can make the best decisions possible. Below the main phases of the investment process:

Acquisition and analysis of the dossier: Preliminary analysis of the technical documentation received and economic evaluation of the opportunity, verifying that this opportunity is in line with the investment process and the business plan of the Company;

Drafting of an information memorandum: Drafting of a description document of the investment project and summary of the preliminary technical and economic analysis. This activity is carried out with the support of the outsourcer Green Utility; signature of a Non Binding Offer;

BoD: The Board of Directors verifies (i) Investment convenience for Green Lucca (ii) Consistency with defined investment principles;

Due Diligence analysis: Due diligence activities through the analysis of the full technical, fiscal and administrative documentation, as well as the appropriate site visits necessary to verify the technical maintenance status of the solar plant. These activities are entrusted to primary advisors;

Definition of final transfer agreements: Includes Binding Offer, share transfer agreement (if needed), business unit transfer appraisals and accessory investment agreements;

BoD (investment resolution): The Board of Directors verifies (i) completeness of the due diligence activities and (ii) congruity with respect to business plan.

Eligible Green Assets must meet all of the following criteria:

- a. all projects meet local environmental legal requirements, including an environmental impact assessment.
- b. all projects, or portions thereof, are not currently assigned to another green financing instrument issued by Green Lucca or its subsidiaries or affiliates; and
- c. all projects will undergo an evaluation to ensure that development, construction and operation have been and are being performed in accordance with Green Lucca's corporate governance and regulatory policies, social responsibility policies and/or corporate sustainability guidelines and strategies, and compliance policies,

(collectively, the "Eligibility Criteria").

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Green Lucca's Green Bond Framework as aligned with the Green Bond Principles as administered by ICMA. Transparency on responsibility for the process and the involvement of various departments within the company are considered to be best market practices.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

An amount equal to the net proceeds shall be allocated for the financing and/or refinancing of existing or new Green Eligible Assets. Green Utility team will track internally that an equal amount to the proceeds raised from the Green Bond will be allocated to Green Eligible Assets. Pending allocation, an amount equal to the net proceeds deriving from the issuance of any Green Bond may be temporarily invested in cash, cash equivalents, and/or held in accordance with the internal liquidity policy. Payment of principal and interest on any such notes will be made from our general account and will not be directly linked to the performance of the Green Eligible Assets. A significant portion of the expected proceeds from Green Lucca's Green Bond offer will be used to finance Green Eligible Assets while the balance will be used to refinance project debt from other renewable energy assets. Within three business days following the expiry of the Investment Period, the Issuer shall prepay the Principal Amount Outstanding of the Notes in an amount equal to 100% of the amounts standing to the credit of the Qualified Investments Account, which have not been transferred to make the Qualified Investments (if any) in accordance with the Terms and Conditions.

For the sake of clarity, the Green Bond Proceeds shall not be invested in permitting activities and no construction risks shall be put on Green Lucca which shall buy new solar plants once they have been constructed and duly connected to the grid/end user's connection facility (the so called "build, operate and transfer or BOT" acquisition mode).

<i>Investment rational</i>	
<i>Target market</i>	<ul style="list-style-type: none"> ➤ A substantial part of the existing photovoltaic plants, especially those built during the years 2010-2013 currently suffers from under performance phenomena due to the age of installation and is affected by an actual accelerated degradation (1.5%-5%) resulting from the use of lower quality materials. This result is very far from the assumed degradation in the construction phase (0.5%).
<i>Plants revamping</i>	<ul style="list-style-type: none"> ➤ Execution of post purchase constructive and/or regenerative maintenance, pursuant to article 30 of the Italian ministerial decree 23 June 2016 (so called extraordinary maintenance interventions) During the incentive period, a photovoltaic system can be subject to maintenance and technological modernization interventions (i.e. module inverter type replacement) in order to keep it efficient due to the foreseeable degradation of the components that constitute it.
<i>Plants repowering and upgrading</i>	<ul style="list-style-type: none"> ➤ Performing repowering interventions aimed at optimizing the operation of the plant allowing it to exceed initial performance. These include the installation of double-sided modules, single axis tracking systems or additional non incentivized sections. Thanks to the recent issue of the Italian law decree no 76 of July 16 2020 the so called "Simplification Decree", further measures have been introduced to simplify the authorization process for the approval of modifications to existing plants.
<i>Acquisition of in operation SEU projects</i>	<ul style="list-style-type: none"> ➤ The activation of SEU systems is a convenient choice both for the producer, who sells the energy directly to the underlying/neighbor user at a higher price than that offered by the market, and for the underlying/neighbor user who buys directly from the producer at an affordable price, lower than that paid for the withdrawal from the network.
<i>Signing of PPA contracts</i>	<ul style="list-style-type: none"> ➤ Signing of multiannual contracts (15-20 year) for the withdrawal of energy produced by the underlying/neighbor user, providing the following commercial advantages: <ul style="list-style-type: none"> • User: Supply of energy needs at better costs than the market (on average 15-20% less); • Producer: Sale of electricity produced under better conditions than the network (on average 60-80 €/MWh more).
<i>Energy selling on the network</i>	<ul style="list-style-type: none"> ➤ The excess energy produced will be sold to the electricity network at market price and the energy needs of the underlying/neighbor user that is not met by self consumption will be taken from the electricity network.

Opinion: ISS ESG finds that Management of Proceeds proposed by Green Lucca's Green Bond Framework is well aligned with the Green Bond Principles as administered by ICMA. The disclosure of the intended type of temporary investment is considered to be best market practice.

4. Reporting

FROM ISSUER'S FRAMEWORK

The Report will be available on our website (www.greenlucca.it) within approximately one year from the date of issuance of the Green Lucca's Green Bond, and afterwards with a yearly frequency, (until all Green Bond proceeds have been allocated). Green Lucca on its website will

provide investors, and in accordance with the rules of the applicable listing venture of the Green Bonds, with:

- i. updates including brief project descriptions and an aggregate amount allocated to Eligible Green Projects;
 - ii. the outstanding amount of net proceeds still to be allocated to the projects at the end of the reporting period. ISS is going to be engaged by Green Lucca to verify that the net proceeds deriving from each Green Bond issue have been allocated to Green Eligible Assets as described in the Green Bond Framework. The verification activities will be summarized in the following documents:
 - a. allocation report;
 - b. Eligible Green Projects analysis;
 - iii. the share of funding and refinancing (the allocation split between new and existing projects), where possible;
 - iv. relevant impact metrics related to Green Eligible Assets (following the “KPI”). They have been selected in:
 - a. Annual renewable energy generation;
 - b. Capacity of renewable energy plants;
 - c. Annual CO2 emissions reduced/avoided.
- › Green Lucca could substitute any of these proposed impact metrics, where appropriate, to facilitate reporting of the amount equal to the net proceeds to the selected Green Eligible Assets Projects.

Relevant expected KPIs for Green Lucca:

Eligible Green Project	Expected KPIs
Renewable Energy	<ul style="list-style-type: none"> • Annual renewable energy generation in MWh (electricity); • Capacity of renewable energy plant(s) constructed or rehabilitated in MW; • CO2 emissions reduced/avoided annually.

Opinion: ISS ESG finds that the reporting proposed by Green Lucca’s Green Bond Framework is aligned with the Green Bond Principles as administered by ICMA. The provision of a structured impact reporting is considered to be best market practice.

External review

FROM ISSUER’S FRAMEWORK

The Eligible Green Assets the Framework contains will be reviewed on a regular basis, including their alignment to updated versions of the Green Bond Principles (2021) and of the EU Taxonomy for Sustainable Activities. Any updates to this Framework will be clearly marked by a version control system and it will undergo the same external review as the initial version. ISS ESG (following also “ISS”), as an independent sustainability advisor, will assess the compliance of your report with the ICMA I’Harmonised Framework on Impact Report and the reporting criteria set in the SPO. The objective of the Second Party Opinion is to provide investors with an independent assessment. The Second-Party Opinion, as well as the Green Bond Framework above, will be published on the Green Lucca website.

Green Lucca will appoint an independent and external verifier to provide an annual assurance report, until all the proceeds of the Green Bond have been allocated, confirming that an amount equal to the net proceeds of the Green Bond has been allocated in compliance, in all material respects, with the Eligible Green Projects criteria set forth in the Green Bond Framework and with the “Use of Proceeds” section of the final Green Bond documentation.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE



CONTRIBUTION OF THE GREEN BOND FRAMEWORK TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Bond Framework Selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Green Lucca's Green Bond Framework to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):



Each of the Green Bond Framework's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy Electricity from solar power	Significant contribution	 

PART IV: ALIGNMENT OF THE ELIGIBLE GREEN PROJECT CATEGORIES WITH THE EU TAXONOMY

ISS ESG assessed the alignment of Green Lucca’s project selection process and company policies for the nominated Use of Proceeds project categories, with the relevant Climate Change Mitigation, Do Not Significant Harm Criteria (DNSH) and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act⁴ (June 2021), based on information provided by Green Lucca. Where Green Lucca’s projects and policies fully meet the Criteria requirements, a tick is shown in the table below, for the ISS ESG assessment against the Criteria requirements.

Green Lucca’s nominated project categories overlap with the following economic activities in the EU Taxonomy for Substantial Contribution to Climate Change Mitigation.

4.1 Electricity generation using solar photovoltaic technology

B.1 4.1 - Electricity generation using solar photovoltaic technology

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES ⁵	ALIGNMENT
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA		
The activity generates electricity using solar PV technology.	Green Lucca’s categories included in its Framework are about building, acquiring, and operating photovoltaic plant and projects.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA		
<p>The economic activity has implemented physical and non-physical solutions (‘adaptation solutions’) that substantially reduce the most important physical climate risks that are material to that activity.</p> <p>The physical climate risks that are material to the activity have been identified from those listed in the table in Section II of this Appendix by performing a robust climate risk and vulnerability assessment with the following steps:</p> <p>(a) screening of the activity to identify which physical climate risks which may</p>	<p>Hydrogeological risks are taken into account in the design phase and mitigation solutions adopted. Where possible, Green Lucca strives to keep the modules in the best possible ventilation, to mitigate temperature-related risks. For new projects, the inverters are distributed small and outside the cabins, so as to have natural cooling and reduce temperature risks. As for the cabins, all of them are equipped with forced extraction of the high-temperature area to ensure better cooling. In the areas where there have already been problems with high winds, the anchorage of the structures has been reinforced to mitigate wind-related risks. Where there is concentrated meteoric</p>	○

⁴https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

⁵ This column is based on input provided by the issuer.

affect the performance of the economic activity during its expected lifetime;

(b) where the activity is assessed to be at risk from one or more of the physical climate risks, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;

(c) an assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

(a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;

(b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.


The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate, scientific peer-reviewed publications, and open source or paying models.

For existing activities and new activities using existing physical assets, the economic operator, implements physical and non-

flow, water flow channels have been built to prevent soil erosion by rainwater.


The lifespan of Green Lucca's photovoltaic projects covers a period of 20 to 30 years. Its climate risk and vulnerability assessments include: the screening of the activity and the physical climate risks which may affect the performance of the economic activity, and the potential adaptation solutions. Green Lucca takes into account climate developments through the adoption of solar irradiation and energy production statistics known as PVGIS ("Photovoltaic Geographical Information System"). These statistics take into account a long historical period of observations (at least 30 years) and records of climate events, incorporating the best future forecasts. However, Green Lucca's climate projections do not take into account the existing range of future scenarios published by the IPCC, scientific peer-reviewed publications, and open source or paying models. On top of this, Green Lucca's climate risk and vulnerability assessment do not define the materiality of physical climate risks through a specific methodology. As such, the Issuer does not fully comply with the DNSH criteria.

<p>physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the most important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.</p> <p>For new activities and existing activities using newly-built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations.</p> <p>The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions or rely on blue or green infrastructure to the extent possible.</p>		
<p>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</p>		
<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</p>		
<p>The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.</p>	<p>Green Lucca uses assets with a 30-years life cycle that can be completely recycled once decommissioned. Collection and disposal are carried out by specialized companies. Through revamping actions, modules can be reused.</p>	<p>✓</p>
<p>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</p>		
<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<p>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</p>		

<p>An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.</p>	<p>Green Lucca systematically conducts Environmental Impact Assessment in accordance with Directive 2011/92/EU for all projects. Furthermore, it is committed to respecting the International Finance Corporation (IFC) Environmental & Social performance standards which are also mandating E&S risk and impact assessment. On top of this, the company's strategy is to promote the installation of photovoltaic systems on roofs and industrial areas. For sites/operations located in or near biodiversity-sensitive areas, an appropriate assessment is conducted in line with the IFC Environmental & Social Performance Standards.</p>	
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Minimum Social Safeguards

ISS ESG assessed the alignment of the due diligence and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation⁶. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ANALYSIS AGAINST REQUIREMENT
<p>Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and</p>	<p>The company has committed in writing committed to uphold the principles set forth in the ILO Declarations, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.</p>	

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

Rights at Work and the International Bill of Human Rights.		
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1. Validity of the SPO: As long as no material changes are made to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: Methodology

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Green Lucca's Green Bond Framework contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Green Lucca commissioned ISS ESG to compile a Green Bond Framework SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles (2021) as administered by ICMA, whether the selection criteria included in the Green Bond Framework align with the EU Taxonomy Climate Delegated Act (June 2021) and to assess the sustainability credentials of its Green Bond Framework, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (June 2021)
- EU Taxonomy Climate Delegated Act (June 2021)

ISSUER'S RESPONSIBILITY

Green Lucca's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond Framework to be issued by Green Lucca based on ISS ESG methodology and in line with the ICMA Green Bond Principles (2021) as administered by ICMA, EU Taxonomy Climate Delegated Act (June 2021).

The engagement with Green Lucca took place in November and December 2021.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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