



Respect Energy Holding Green Bond Second Opinion

13 September 2021, revised 14 June 2022

Respect Energy Holding is a Polish company that offers renewable energy from green hydrogen, wind, and photovoltaic power to its customers. The company generated 845 GWh in 2021 and expects to generate 10,779 GWh in 2025. Respect Energy Holding invests in renewable energy projects operated by SPVs, in which Respect Energy Holding has 98% shares. Respect Energy Holding and its subsidiaries (SPVs) can issue green bonds under the framework.

Projects financed under this framework will contribute to an increased generation of renewable energy from solar, wind and green hydrogen, mostly in Poland but also in the European Union. Examples of eligible projects include the Zwartowo photovoltaic farm project with a capacity of up to 290 MW, as well as the construction of two green hydrogen complexes in Poland. The Wicko green hydrogen complex will consist of an existing 10MW wind farm and planned up to 15 MW solar farm, energy storage and electrolyser, while the Jędrzychowice & Zgorzelec green hydrogen complex will consist of an existing 50MW wind farm and planned 26 MW solar farm, energy storage and electrolyser. The construction of maintenance roads leading to the construction site can also be eligible under the framework. Environmental impact assessments are required prior to construction, and the location of the projects is not associated with any forms of nature conservation or protected areas according to the issuer. However, the issuer does not set specific metrics on how to evaluate the local environmental impacts of its projects, nor carries life cycle assessments. Investors should also be aware that the issuer does not have a systematic approach to exclude potentially controversial projects.

Respect Energy Holding could significantly improve its governance procedures. The issuer lacks environmental strategies, targets, and policies at the company level, and it is not reporting on emissions for scope 1,2, and 3. The issuer informed us that they consider the rebound effects during the selection process. However, the issuer does not have a specific code of conduct for its suppliers and sub-contractors, and it is not yet doing GHG reporting on its suppliers. Respect Energy Holding will report on allocation and impact. An external review of financial data is considered by the company, but not on the impact reporting. Furthermore, the issuer is not reporting in accordance with the TCFD nor uses climate scenarios.

Based on the overall assessment of the eligible green assets under this framework and governance and transparency considerations, Respect Energy Holding's green bond framework receives a **CICERO Dark Green** shading and a governance score of **Fair**. The issuer could significantly improve the framework by strengthening its governance procedures, such as requiring systematic climate risks assessments and life cycle assessments for all projects.

SHADES OF GREEN

Based on our review, we rate the Respect Energy Holding's green bond framework **CICERO Dark Green**.

Included in the overall shading is an assessment of the governance structure of the green bond framework. CICERO Shades of Green finds the governance procedures in Respect Energy Holding's framework to be **Fair**.



GREEN BOND PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.





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1 Terms and methodology

This note provides CICERO Shades of Green's (CICERO Green) second opinion of the client's framework dated September 2021 with a revision in June 2022. Respect Energy Holding's green bond framework has been revised with regards to the structure of the issuer, and to the preliminary plans for the use of green proceeds and examples of eligible projects. Since this updated second opinion based on the revised framework is not a full revision, the expiry date remains the same as the one dated September 2021. Any further amendments or updates to the framework require a revised second opinion. CICERO Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

The second opinion is based on a review of the framework and documentation of the client's policies and processes, as well as information gathered during meetings, teleconferences and email correspondence.

Expressing concerns with 'Shades of Green'

CICERO Green second opinions are graded dark green, medium green or light green, reflecting a broad, qualitative review of the climate and environmental risks and ambitions. The shading methodology aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts. Investments in all shades of green projects are necessary in order to successfully implement the ambition of the Paris agreement. The shades are intended to communicate the following:

Shading	Examples
 Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low-carbon and climate resilient future.	 Solar power plants
 Medium Green is allocated to projects and solutions that represent significant steps towards the long-term vision but are not quite there yet.	 Energy efficient buildings
 Light Green is allocated to transition activities that do not lock in emissions. These projects reduce emissions or have other environmental benefits in the near term rather than representing low carbon and climate resilient long-term solutions.	 Hybrid road vehicles

Sound governance and transparency processes facilitate delivery of the client's climate and environmental ambitions laid out in the framework. Hence, key governance aspects that can influence the implementation of the green bond are carefully considered and reflected in the overall shading. CICERO Green considers four factors in its review of the client's governance processes: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.



2 Brief description of Respect Energy Holding's green bond framework and related policies

Respect Energy Holding is a Polish company of 150 employees that offers a renewable energy from green hydrogen, wind, and photovoltaic power to its customers. The company oversees the construction of the renewable energy power plants through its SPVs, co-hold them, and sell the electricity generated. The company generated 845 GWh in 2021 and expects to generate 10,779 GWh in 2025. All the plants are, and will be, connected to the national grids, according to the issuer. Respect Energy Holding has been operating mostly in Poland, as well as in 21 other countries of the European Union and the European Economic Area, for more than 7 years, including in Germany, Austria, Switzerland, Italy, and France. Respect Energy sells renewable energy to final users and currently negotiates 10-15 years corporate power purchase agreements (cPPAs) for a long-term delivery of green energy.

Since 2022, the shareholders of Respect Energy set up a holding structure (i.e., Respect Energy Holding S.A). All businesses of Respect energy Holding are or will be separated into legal entities: trading in Poland (Respect Energy TDM), trading abroad (Respect Energy Trading), GOOs (Respect Energy Environmental Commodities), and green electricity deliveries from renewable energy assets to end business customers (Respect Energy). All own investments into renewable energy production will be run by SPVs, in which Respect Energy Holding has 98% shares, Respect Energy - 1% and Respect Energy TDM - 1%. It precisely splits scope of activities, duties, and liabilities within Respect Energy Holding. Respect Energy Holding and its subsidiaries (SPVs) can issue green bonds under the framework.

Environmental Strategies and Policies

The company is in cooperation with 600 suppliers to distribute 100% renewable energy to over 17,000 small, medium, and large enterprises. The issuer started its joint venture collaboration with the German company Goldbeck Solar, a European leader in the photovoltaic segment, in June 2021, allowing the company to build the largest power plant based on PV panels in the Central and Eastern Europe region, which according to the issuer can reduce CO₂ emissions by nearly 5 million tons by 2050. However, the issuer is not reporting on its emissions for scope 1, 2, and 3, nor does it report line with GRI/Global Compact standards. Furthermore, the company does not have specific goals or targets at the company level.

The company aims at providing to its customers 100% renewable energy mix based on a certification system that ensures the production and the distribution of the products, such as guarantees of origin, and green certificates (special support scheme for renewable energy sources in Poland), according to the issuer. However, these certifications do not include life-cycle assessments (LCAs), and the company does not carry out such assessments on its own. The issuer informed us that it conducted environmental impact assessment study prior to the construction to the relevant authorities to get the necessary construction permit.

The company informed us that it analyses the carbon footprint of each of its customers, who are mostly large corporations, local government entities, public facilities, and various entrepreneurs. Also, the issuer aims at encouraging its customers to be more responsible towards the environment, via a proprietary system of additional gratification packages, which include a dedicated website where it is possible to see how much CO₂ a company has avoid using renewable energy, and a certificate from the issuer confirming the use of energy from renewable sources only.



The company informed us that it does not have code of conduct and policies for suppliers and subcontractors at the moment, nor is it doing GHG reporting on its suppliers yet, but plans to start doing so in the future.

Respect Energy Holding mentioned including climate risks assessment in its standard processes, however it has not yet implemented the TCFD recommendations nor uses climate scenario analysis.

The issuer informed us that the environmental strategies and policies of Respect Energy Holding are the same for all its legal entities and SPVs.

Use of proceeds

Respect Energy Holding & its subsidiaries (SPVs) can issue green bonds under the framework and will use the proceeds to finance and/or refinance, in whole or in part, existing and/or future renewable energy projects for the generation of renewable energy from solar, wind and green hydrogen, most likely in Poland but also in the European Union (e.g., Italy, France, Germany). Eligible projects must respect the following criteria: 1) Being eco-friendly for the neighbours, without any negative influence, noise, wastes, roads, water and sewage system; 2) Getting the approval of local authorities is a must; and 3) Have no negative impact on forests and bushes, animals, roads, and fences. Proceeds will be raised by Respect Energy Holding and the SPVs for operating eligible projects, such as:

Zwartowo photovoltaic farm (Poland)

This photovoltaic panel complex with a capacity of up to 290 MWp and related infrastructure is located in Zwartowo, Choczewo commune, Poland (approx. 50% of the proceeds). The joint venture cooperation with Goldbeck Solar started the construction works in June 2021, and the completion of construction works is scheduled for May 2022. It will provide 204 MWp to the grid in July 2022. With this project, the issuer assumes that it will reduce about 5 million tons of CO₂ in a 30 years perspective, in comparison with the actual emissions factors of Poland. The issuer informed that the share of proceeds is expected to be divided between the Zwartowo photovoltaic farm project and the below green hydrogen complex projects.

Wicko green hydrogen complex (Poland)

This green hydrogen complex will consist of an existing 10MW wind farm and planned up to 15 MW solar farm, energy storage and electrolyser to produce electricity and green hydrogen. It is assumed to reduce CO₂ emissions by 700 thousand tonnes and to replace consumption of methane (gas fired plants) or gasoline (cars).

Jędrzychowice & Zgorzelec green hydrogen complex (Poland)

This green hydrogen complex will consist of an existing 50MW wind farm and planned 26 MW solar farm, energy storage and electrolyser to produce electricity and green hydrogen. According to the issuer, it is assumed to reduce CO₂ emissions by 3,500 million tonnes and to replace consumption of methane (gas fired plants) or gasoline (cars).

Other wind and photovoltaic farms, energy storages and electrolysers (Poland and in the European Union)

Respect Energy Holding plans to acquire and/or construct and finally own up to 7000 MW solar farms and up to 4500 MW wind farm in Poland in 2036. Most of these plants will be supported by energy storage or/and electrolysers according to the issuer.

The issuer confirmed that it excludes all investments in fossil fuel and related equipment.

Selection

The selection process is a key governance factor to consider in CICERO Green's assessment. CICERO Green typically looks at how climate and environmental considerations are considered when evaluating whether projects



can qualify for green finance funding. The broader the project categories, the more importance CICERO Green places on the governance process.

Projects funded through Respect Energy Holding Green Bonds funds will be considered and evaluated by a pre-appointed Respect Energy Holding Green Bond Committee based on the approximate assumptions of the projects. The Green Bond Committee consists of four representatives of the holding company, and shall be responsible for the evaluation and approval of projects, the supervision over the portfolio of projects during the transaction process, and the development of project selection and evaluation procedures. The issuer further mentioned that the Green Bond Committee includes an environmental expert who has the priority within the discussion, but no veto power.

Regarding the selection process, the Green Bond Committee shall: 1. give its opinion on the consistency of the project assumptions (i.e., the review and validation of the eligible green projects portfolio based on the defined eligible categories) by making final decision on a case-by-case basis, 2. analyse the projects on which the Green Bond Committee has delivered an opinion, and which have already passed the initial review stage, including the monitoring of the eligible green projects portfolio, as well as their estimated environmental impacts based on environmental impact reporting provided at the level of each eligibility category, and 3. send statements of expenditure related to the project to the direction board of Respect Energy Holding. The company further mentioned considering the rebound effects during the selection process, however the supply chain is not yet considered.

Management of proceeds

CICERO Green finds the management of proceeds of Respect Energy Holding to be in accordance with the Green Bond Principles.

The funds management process will be the responsibility of the Funds Management Committee, consisting of four employees of the company. All funds raised from Green Bonds will be reflected in Respect Energy Holding's accounting systems and visible in financial management systems, according to the issuer. The controlling team and the accounting department will work together to identify the costs of green projects using accounting and reporting systems. When trading in Green Bonds, Respect Energy Holding's records will identify the net proceeds of the issue together with the commensurate costs. The issuer further mentioned that the bonds proceed will be allocated to a separate and traceable account and utilized in accordance with its purpose.

Each SPVs receiving proceeds will create a dedicated account to trace and record the allocation of proceeds and is responsible for tracking proceeds using a formal internal process.

In case of unallocated proceeds, the issuer informed us that the proceeds will be kept in cash in a special account, until attribution to eligible assets. No funds are to be used for any type of fossil fuel investments, according to the company.

Reporting

Transparency, reporting, and verification of impacts are key to enable investors to follow the implementation of green finance programs. Procedures for reporting and disclosure of green finance of Green Bond proceeds. Periodic investments are also vital to build confidence that green finance is contributing towards a sustainable and climate-friendly future, both among investors and in society.

Respect Energy Holding will disclose the allocation performance reports on a portfolio basis via the company's corporate website, following complete allocation. Completeness of reporting will be ensured through the Green



Bond revenue allocation report supplemented by commensurate reporting of effects on green projects. The company will report on allocation, which will include Green Bond proceeds allocated by category, as well as a list of green projects together with the investment outlay.

Respect Energy Holding will report on impacts by providing an annual report, available on the company's website, based on KPIs for each eligible project categories. These KPIs include, but are not limited to: renewable energy generated/purchased (MWh), share of electricity consumption from renewable energy sources (MWh), and estimated reduction of greenhouse gas emissions. The company informed that the assumptions used in the impact calculation will be included in the reporting, however, transparency on grid emissions factors are not yet included. The issuer further confirmed that it will not monitor and report on construction emissions when estimating reduction of GHG.

The company informed us that the financial data will be externally reviewed. However, the issuer mentioned not knowing yet if the impacts reporting will also be externally reviewed.



3 Assessment of Respect Energy Holding’s green bond framework and policies


The framework and procedures for Respect Energy Holding’s green bond investments are assessed and their strengths and weaknesses are discussed in this section. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised in this section to note areas where Respect Energy Holding should be aware of potential macro-level impacts of investment projects.

Overall shading

Based on the project category shadings detailed below, and consideration of environmental ambitions and governance structure reflected in Respect Energy Holding’s green bond framework, we rate the framework **CICERO Dark Green**.

Green bond framework

At the basic level, the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental benefits. Through selection of project categories with clear environmental benefits, green bonds aim to provide investors with certainty that their investments deliver environmental returns as well as financial returns. The Green Bonds Principles (GBP) state that the “overall environmental profile” of a project should be assessed and that the selection process should be “well defined”.

Category	Eligible project types	Green Shading and some concerns
Renewable Energy 	Renewable projects without any emission of GHG (i.e., wind, solar and green hydrogen). Eligible projects should have the following eligibility criteria: <ul style="list-style-type: none"> ✓ Eco-friendly for the neighbours, without any negative influence, noise, wastes, roads, water and sewage system. ✓ Approval of local authorities is a must. ✓ No negative impact on forests and bushes, animals, roads, and fences. Examples of eligible projects include: <ul style="list-style-type: none"> • The Zwartowo photovoltaic farm project with a capacity of up to 290 MW, and located in Choczewo commune, Poland. 	Dark Green <ul style="list-style-type: none"> ✓ Solar and wind power are key to a low-carbon transition. ✓ The issuer informed that the share of proceeds is expected to be divided between the Zwartowo photovoltaic farm project and the green hydrogen complex projects. However, proceeds could also be allocated to other wind solar, or green hydrogen projects in Poland or in the European Union. ✓ All the plants are and will be connected to the national grid according to the issuer. ✓ While solar and wind power are generally low-carbon, local environmental impacts such as on biodiversity, habitat and landscape can be of concern for these projects. ✓ The company also mentioned that it will build few new private roads leading to the construction site – mainly maintenance roads. However, the issuer confirmed that the new roads will only be used during the construction phase and will be constructed with permeable materials with full water filtration, and that no



- **The Wicko green hydrogen complex** which will consist of an existing 10MW wind farm and planned up to 15 MW solar farm, energy storage and electrolyser to produce electricity and green hydrogen.
 - **The Jędrzychowice & Zgorzelec green hydrogen complex** which will consist of an existing 50MW wind farm and planned 26 MW solar farm, energy storage and electrolyser to produce electricity and green hydrogen.
 - **Other wind and photovoltaic farms, energy storages and electrolysers** in order to own up to 7000 MW solar farms and up to 4500 MW wind farm in Poland in 2036.
- ✓ asphalt or petroleum-based materials will be used, but recycled material made of sorted concrete aggregate.
 - ✓ The issuer confirmed that it excludes all investments in fossil fuel related equipment.
 - ✓ Construction maintenance, operation, and decommissioning may be associated with life cycle emissions. The issuer does not have any life cycle emissions threshold for its projects. Furthermore, the production and transportation of solar panels and wind turbines can also be energy intensive. However, we are not aware of any mitigation strategies adopted by the issuer in this regard.
 - ✓ The relevant EU Taxonomy activity “manufacture of hydrogen” suggests a life cycle GHG emissions threshold lower than $3tCO_2e/tH_2$. As the company will only use solar and wind power, the company expects that the production of green hydrogen will be well below this emissions threshold.
 - ✓ The green hydrogen complex project is at a very early stage of development according to the issuer. For this project, the issuer mentioned that the wind farm is already in place, while the solar farm will be constructed in 2022. The electrolysers are at an early stage, and will probably be installed in late 2022/early 2023.
 - ✓ The issuer confirmed that the energy storages will be connected to the green hydrogen projects.

Table 1. Eligible project categories

Background

The IEA estimates that in 2020, renewable energy generation grew by nearly 5%, reaching almost 30% of global electricity supply. The IEA estimated that solar energy was the fastest growing of the renewable sources, with solar capacity growing by around 33% in 2020. Although the share of renewables in global electricity generation increased in 2020, renewable power as a whole still needs to expand significantly to meet the IEA’s Sustainable Development Scenario (SDS) share of 50% of the generation by 2030¹. This requires the rate of annual capacity additions to accelerate². In 2017, solar PV provided about 2% of the world’s electricity³. Solar and wind are expected to provide 24% of the world’s electricity in 2030, and by 2050, solar PV will grow 25-fold and wind 10-fold, and in roughly equal shares will together be responsible for over 60% of the electricity generated by 2050⁴.

¹ [Global Energy Review 2020 \(windows.net\)](#)

² <https://www.iea.org/reports/renewable-power>

³ [Energy Transition Outlook 2019 | DNV](#)

⁴ [DNV GL Energy Transition Outlook 2020 Executive Summary.pdf](#)



Meanwhile, the number and size of green hydrogen related projects and installed capacity have expanded considerably, from less than 1 MW in 2010 to more than 25 MW in 2019⁵.

The EU has committed itself to a clean energy transition, which will contribute to fulfilling the goals of the Paris Agreement on climate change. As members of the EU, is subject to the EU's climate targets, policies and laws. Via the European Climate Law⁶, the EU has enshrined into EU Law (inter alia), 1) the target of climate neutrality by 2050, and 2) a net greenhouse gas emission reduction target of 55% by 2030 compared to 1990 levels. In July 2021, the European Commission adopted a set of legislative proposals that set out how it intends to achieve these climate targets. One element of these proposals is a target of 40% energy consumption from renewable energy sources, while the current target is set at 32% by 2030⁷.

In 2019, over 80% of Poland's energy was produced from coal, and policies for renewable energy in Poland have been slow. However, the Polish PV market is now growing fast, and capacity has increased from less than 5 MW in 2013 to 1,5 GW installed capacity in the National Power System in February 2020. According to the Institute for Renewable Energy (IEO) in Poland, the country's cumulative installed solar PV capacity has reached 3.9 GW at the end of 2020⁸, and will reach 8GW by 2025. The IEO is also forecasting an annual increase of around 1 GW per year the coming five years⁹. Poland's goal is to have between 10 GW and 16 GW by 2040. In 2021, the Polish Government approved a new energy plan through 2040, which aims to reduce to 56% the share of coal power generation in 2030 from 72% in 2020, and cut greenhouse gas emissions 30% by 2030 as compared to 1990 levels¹⁰.

Governance Assessment

Four aspects are studied when assessing the Respect Energy Holding's governance procedures: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify eligible projects under the framework; 3) the management of proceeds; and 4) the reporting on the projects to investors. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

Respect Energy Holding aims at reaching the continental carbon neutrality goal by providing 100% renewable energy to its customers and by investing in renewable energy production. The company also have an emissions reduction target of nearly 5 million tons by 2050, according to the issuer. However, the issuer has not set clear policy or targets at the company level, and it is not reporting on its emissions, for scope 1, 2, and 3. Respect Energy Holding mentioned including climate risks assessment in its standard processes, however it has not implemented the TCFD recommendations nor uses climate scenario analysis. The company informed us that it does not have code of conduct and policies for suppliers and subcontractors at the moment, nor is it doing GHG reporting on its suppliers yet, but plans to start doing so in the future.

Respect Energy Holding has set a Green Bond committee, which assesses the environmental impacts of the projects and has a clear selection process. The Green Bond committee includes environmental expertise with priority in the discussion, but has no veto power in the decision. No supply chain, life cycle and resilience consideration are integrated into the selection process yet. The issuer is not screening for controversial projects, but confirms that its projects have not encountered any controversy or opposition yet. We encourage the issuer to define more specific use of proceeds and selection criteria for its project category to strengthen the framework.

⁵ [Hydrogen – Analysis - IEA](#)

⁶ [European Climate Law | Climate Action \(europa.eu\)](#)

⁷ https://ec.europa.eu/energy/sites/ener/files/documents/necp_factsheet_pl_final.pdf

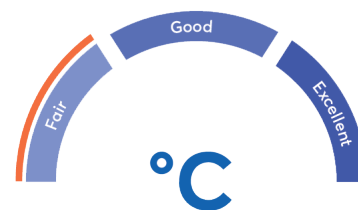
⁸ [Poland's solar PV capacity tops 3.9 GW \(renewablesnow.com\)](#)

⁹ <https://solaredition.com/the-polish-solar-pv-market-will-boom-in-the-next-five-years-predictions-iec/>

¹⁰ [Poland's solar PV capacity tops 3.9 GW \(renewablesnow.com\)](#)



The allocation and impact reporting will be available on the company's website, and relevant KPIs have been attributed for each project categories. An external review for financial data will be provided, but not for the impact reporting. To strengthen the impact reporting, we encourage the issuer to monitor and report on construction emissions when estimating reduction of GHG.



The overall assessment of Respect Energy Holding's governance structure and processes gives it a rating of **Fair**.

Strengths

It is a clear strength that Respect Energy Holding's framework focuses exclusively on low-carbon solutions. Electricity generated from solar PV and wind farms will increase the share of renewable energy in Poland and is an important contribution to Poland's renewable energy targets. Production of electricity from solar PV and wind farms are considered to contribute substantially to climate change mitigation and represent a key to a low-carbon transition.

It is also a strength that Respect Energy Holding is including on the production of green hydrogen, as developing low-carbon hydrogen production is critical for hydrogen to aid in the clean energy transition.

Weaknesses

We find no material weaknesses in Respect Energy Holding's green bond framework.

Pitfalls

While renewable energy projects generally are considered to have a very positive climate mitigation impact, there are nevertheless emissions associated with the construction and the demolition process. Respect Energy Holding is not reporting on emissions for scope 1,2, and 3. Moreover, the company does not have specific code of conduct nor policies for its suppliers and sub-contractors, yet, and it is not doing GHG reporting on its suppliers at the moment. CICERO Green encourages Respect Energy Holding to conduct life cycle assessments prior to the construction of its projects. Life cycle assessments will provide valuable information on the environmental and climate impacts of the projects and point to suppliers that can lead to a reduction in emissions.

Respect Energy Holding's governance approach of the framework represents a pitfall. The issuer lacks environmental strategies, targets, and policies at the company level, and it has no specific selection criteria for its project categories. The impact reporting and some chosen KPIs can also represent a potential pitfall, as the issuer is not monitoring nor reporting on construction emissions when estimating reduction of GHG. An external review of financial data is considered by the company, but not on the impact reporting. The issuer could improve the framework by strengthening governance procedures such as having more precise environmental strategies and policies, both at the company level and for suppliers and sub-contractors, and strengthening reporting practices. The selection process would also be clearer if the issuer had more specific eligibility criteria for green projects.

Local environmental impacts, such as on biodiversity, habitat, and landscape, can be of concern for these projects and the company does not set specific metrics on how to evaluate the local environmental impacts of its projects. However, the issuer mentioned conducting and presenting required environmental study prior to the construction to the relevant authorities in order to get the necessary construction permit. The issuer also confirmed doing archaeological and dendrological work prior to the construction, and that it is not building on soils for which an agricultural use plan has been drawn up, nor involve deforestation. Further, the location of the project is not



associated with forms of nature conservation or protected areas according to the issuer, and animal migration routes have been considered. The wooded and bushy areas on the farm will be free of PV, according to the issuer.

From our interpretation, Respect Energy Holding can lack consideration and preparedness with regards to the potential physical climate risks that the new solar PV farms, the wind farms, and the green hydrogen complex might be facing in the future. Therefore, considering the physical climate risks could improve the durability and sustainability of Respect Energy's projects. CICERO Green further encourages Respect Energy Holding to implement the TCFD recommendations and to use climate scenario analysis for better assessment of physical climate risks, such as flooding, wildfire, landslide, erosion, etc.

According to the issuer, the company will produce green hydrogen. The relevant EU Taxonomy activity "manufacture of hydrogen" suggests a life cycle GHG emissions threshold lower than $3\text{tCO}_2\text{e/tH}_2$ ¹¹. The issuer has not yet established concrete eligibility criteria for its hydrogen related project as it is in an early stage, and therefore does not have sufficient information for CICERO Green to conclude on alignment with the mitigation criteria.

¹¹ [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021L2800-annex-1)



Appendix 1: Referenced Documents List

Document Number	Document Name	Description
1	Respect Energy Holding's Green Bond framework	Dated May 2022



Appendix 2: About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green bond investments. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University and the International Institute for Sustainable Development (IISD).



- ★ **2020 External Assessment Provider Of The Year**, Environmental Finance Green Bond Awards
- ★ **2020 Largest External Review Provider In Number Of Deals**, Climate Bonds Initiative Awards
- ★ **2019 External Assessment Provider Of The Year**, Environmental Finance Green Bond Awards
- ★ **2019 Largest Green Bond SPO Provider**, Climate Bonds Initiative Awards
- ★ **2018 External Assessment Provider Of The Year**, Environmental Finance Green Bond Awards
- ★ **2018 Largest External Reviewer**, Climate Bonds Initiative Awards
- ★ **2017 Best External Assessment Provider**, Environmental Finance Green Bond Awards
- ★ **2016 Most Second Opinions**, Climate Bonds Initiative Awards