



gen-i GREEN BOND FRAMEWORK

FEBRUARY 2024

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INDEX OF ABBREVIATIONS

Abbreviation	Definition
B2B	Business to Business
B2C	Business to Customer
CFO	Chief Financial Officer
CHP	Combined Heat and Power
CSDR	Corporate Sustainability Reporting Directive
ESG	Environment, Social, Governance
ESRS	European Sustainability Reporting Standards
GBP	Green Bond Principles
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IRO	Impacts, Risks, Opportunities
KYC	Know Your Customer
NFRD	Non-Financial Reporting Directive
OECD	Organisation for Economic Co-operation and Development
RES	Renewable Energy Sources
SDG	Sustainable Development Goals



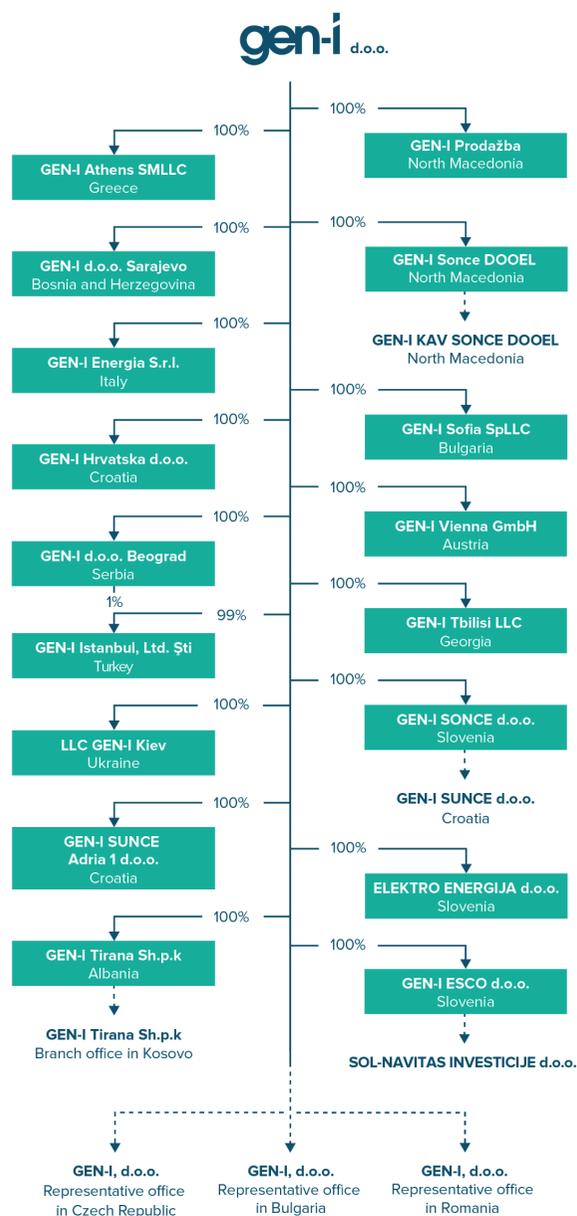
Introduction

Presentation of the GEN-I Group

The GEN-I Group, which comprises as of 30th November 2023, the company GEN-I, d.o.o., (hereinafter: GEN-I) and 17 of its subsidiaries, is one of the fastest growing and innovative players on the European energy market.

The Group is active in over 20 European markets, from France in the West to Turkey in the East.

International activities are managed from Slovenia, whereby GEN-I provides its subsidiaries with all necessary infrastructure needed to participate on local and international energy markets. This allows the GEN-I Group to maintain its leading role as trader in energy markets within the region as well as its role of leading supplier and promoter of the green transformation in Slovenia.

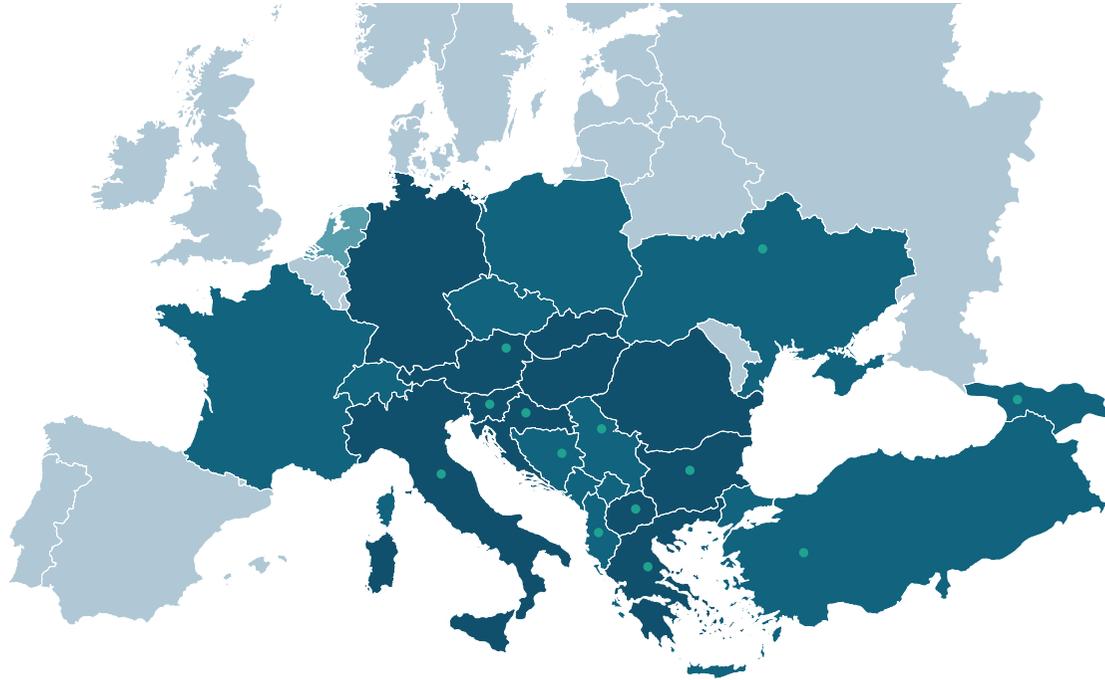


The core activities of the GEN-I Group are:

- supplying end consumers with electricity and natural gas;
- trading in electricity and natural gas;
- purchasing electricity from large, RES and CHP producers;
- performing services of self-supply and energy efficiency for natural persons and legal entities;
- providing advanced services to business partners and consumers;
- providing innovative products and services on energy markets in Southeast Europe.

Wholesale and retail purchase and supply of electricity and natural gas in the market remain the two core activities of the GEN-I Group. The GEN-I Group is supplementing its core activity, i.e., supply of electricity, by selling, supplying and installing solar power plants as well as products intended to increase energy efficiency.

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Throughout the years, stable growth has always remained the common thread at the core of the business operations of GEN-I Group. Given changing market conditions, the Group excels at recognizing and seizing new business opportunities, starting with expansion to new energy markets in tandem with energy market liberalisation. At the time, the Group's aim was to become the first choice for buyers and partners in terms of when it came to reliable business partnerships and provision of the benefits of liberalised electricity natural gas markets, including competitive and affordable supplies to end-customers. Nowadays, our vision maintains yet extends beyond those horizons, given that the global energy industry is faced with the historic challenge of comprehensive transformation and decarbonisation in the face of ever-pressing climate change.

20+ European energy exchanges

- Subsidiaries
- Electricity
- Electricity and natural gas
- Natural gas



The GEN-I Group's Sustainability Approach

At the GEN-I Group, we are strongly aware of our broader social responsibility through our potential and actual impact on people and the environment, which is why sustainable development represents an essential part of the GEN-I Group's strategic directions for many years and, as such, represents one of the key chapters of the GEN-I Group's Strategic Development Plan 2022-2030. Our approach to sustainability follows internationally recognized goals of sustainable development, within which we support the expansion of the green transformation of the economy, transparent management, the development of human resources, and the protection of the environment in both the short and long term.

Understanding that the energy sector represents one of the principal contributors to climate change and resource consumption, and consequently holds one of the key responsibilities to enact changes in the direction of responsible, efficient, and environmentally friendly use of natural resources and environmental protection, GEN-I as pioneers of the green transformation in Slovenia promotes and constructs solar power plants, develops new, innovative green solutions and supply carbon-free electricity to all our end customers (B2B and B2C). To ensure the integration of these activities into our overall company structure with appropriate emphasis thereon, we adapted our operation so that, besides the fundamental pillars of energy trading and supply, our core business activities encompass also the two relatively newer pillars of innovative green energy services and solar production. Sustainable development is thus realised through our internal operations and the products and services we offer and develop to accelerate the green transition of our customers and partners.

In terms of our operations, we place a high value on reducing our overall carbon footprint (we have been measuring our carbon footprint since 2018, which helps us take appropriate measures to reduce it) and sustainable mobility (by the end of 2022, we have already electrified 86% of our corporate fleet, making us one of Slovenia's largest electrified fleets). Throughout our operations,

we address a variety of societal issues. Since our employees are our most valuable asset, we prioritize their growth and well-being. Along the value and supply chain and inside the GEN-I Group, we advocate for diversity, equality of opportunity, and respect for human rights. We also lead a responsible policy towards local communities, both in terms of general support for local community development as well as expanding activities for renewable energy communities after successfully establishing the first Slovenian self-sufficient renewable energy community in 2020. In addition, the GEN-I Group raises awareness among the general public about the importance of sustainable development and aims to show that the green transformation, through the use of renewable energy sources, smart and flexible grids, and well-informed and active customers, is both a necessary as well as the optimal choice for our common energy future.

Finally, the GEN-I Group places a strong value on ethical business practices and transparent management. Promoting fair competition, avoiding corruption, and comprehensive compliance with legislation are our top priorities, with relevant values being clearly reflected in the GEN-I Group's Code of Ethics.

MISSION

A reliable partnership

Our professional and innovative approach helps us to market electricity efficiently by offering production sources at competitive purchasing prices and to provide customers with high-quality services, reliable supply, and managing costs associated with energy purchases, as well as leading the way toward green transformation by example and green decisions.

VISION

The leading supplier of green solutions

Our policies for the future are based on smart solutions that will facilitate society's green transformation and the establishment of sustainable links with the natural environment. As a leading provider of innovative products and services on the European energy market, we will promote green energy and sustainable development, underpinned by the digitalisation of our operations. Our objective is to be the first choice for all segments of the energy chain: energy producers, traders, and customers. We aim to be the best example of the green transformation in action and to prove that the decarbonisation of society is possible while maintaining stable growth in operations.

The Three Pillars of the GEN-I Group's Sustainability

The GEN-I Group's Strategic Development Plan 2022-2030 addresses all three pillars of the ESG framework (E – Environment, S – Social, G – Governance), which represent the three main thematic areas through which the GEN-I Group has been addressing its sustainable development since 2021.

According to GEN-I Group's sustainability approach, at present the Group's key directions/targets as per individual ESG aspects are as follows:

ESG ASPECT	KEY DIRECTIONS/TARGETS
E	<ul style="list-style-type: none"> • promotion of renewable energy sources (RES); • reliable supply of low carbon electricity; • reduction of GEN-I's carbon footprint; • environmental responsibility in the development of innovative green products and services for customers and business partners; • participation in strengthening of the resilience of the energy system; • ensuring commercial resilience through sustainable business models.
S	<ul style="list-style-type: none"> • safety, health and satisfaction of employees; • employee development; • responsibility to customers; • preventive activities to mitigate risks in the social environment; • responsibility to suppliers and business partners; • investments in the local community, and support for sports, culture, education and healthcare; • support for diversity and equal opportunities.
G	<ul style="list-style-type: none"> • stable operations and commercial success; • high standards of corporate governance; • effective risk management; • fair business practices; • diversity, inclusion and respect for human rights; • anti-corruption.

Integration of SDGs into the GEN-I Group Sustainability Pillars

The GEN-I Group aligns its operations with the objectives of the Sustainable Development Goals (SDGs), adopted by the United Nations Paris in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. Within the above approach to sustainability across three pillars, GEN-I Group focuses on key eight SDGs as follows:

E



One of GEN-I Group's main goals is comprehensive decarbonisation of the the energy sector. We will continue to enable the green transformation for our customers by offering solar power plants and innovative green energy services and products (e.g., combined solar power and energy storage solutions). We will also continue to provide reliable and affordable energy supplies for all our customers in the future.



We are committed to reducing our carbon footprint by developing innovative solutions for our customers. Through scientific research, development and analysis and by promoting the use of solar power, we will continue to actively contribute to the decarbonisation of the energy system in the future, and consequently also the decarbonisation of industry. We will encourage and develop new services and products for flexibility and system services, digitalisation of operations, sustainable mobility and other customer-centric sustainable solutions.



We are reducing CO₂ input into the environment, as we have stopped supplying our end-customers with electricity from fossil fuels and, since 2021, supply exclusively CO₂-free electricity. We will continue to follow this vision in the future and thus actively contribute to the decarbonisation of the energy system.



With innovative solutions in GEN-I Group, we follow advanced technological development in the comprehensive transition towards renewable energy sources. When constructing our solar power plants, we will continuously enhance adherence to ever-stricter environmental guidelines and standards, and advocate for preserving the environment across our entire value chain.



With our activities, GEN-I Group advocates for and enables the accessibility of our services to all electricity consumers. We thereby contribute to limiting the increase in energy poverty and minimising it wherever possible. In the future, emphasis will be placed on developing affordable solutions for all stakeholders involved.

S



We will continue striving for the good health and well-being of all employees in the workplace and outside GEN-I Group, along our supply chain, including emphasis on human rights and environmental impacts of our key business partners



We are aware of the value of our employees for the successful operation and growth of the company, which is why we ensure good working conditions for all our employees and encourage their growth and development. We will actively implement and upgrade these practices.

G



Through strategic decisions and actions, we promote diversity, equal opportunities, and non-discrimination in internal processes and relations with external stakeholders. We strive to enforce high standards for transparency in business operations and preventing corruption. Within the framework of adopted internal acts, we are committed to zero tolerance towards discrimination in the workplace. We will actively continue to enhance and upgrade all relevant practices in the future alongside best practices observed.

The EU's Sustainable Development and the GEN-I Group's Next Steps

Sustainable development is a core principle of the Treaty on European Union and a priority objective for the EU's internal and external policies to reach the EU's ambitious climate goal of reducing EU emissions by at least 55% by 2030 and making the EU climate-neutral by 2050.

The **sustainable vision** of the GEN-I Group, which foresees increasingly rapid decarbonisation of the energy system, is intrinsically aligned with the direction

of EU energy and climate policy. As such, GEN-I Group welcomes the recent regulatory enhancement of ESG requirements for standardisation, transparency, and reorientation of capital flows towards sustainable investment to achieve sustainable and inclusive growth. Thus, our next milestone concerning sustainability implementation is the development of a new comprehensive **Sustainability Strategy of the GEN-I Group** by early 2024. Preparation thereof is being carried out through ten dedicated working groups coordinated by GEN-I's recently (as of May 2023) appointed ESG Coordinator.

So as to set the foundations for the Sustainability Strategy, GEN-I conducted a **double materiality assessment** as a first step, whereby sustainability matters/topics material for the GEN-I Group were identified, so as to focus on the most in the future by addressing them in the Sustainability Strategy to ensure the success of GEN-I's further sustainable development.

The GEN-I's double materiality assessment was based on the **Corporate Sustainability Reporting Directive**¹ (hereinafter: CSRD) and European Sustainability Reporting Standards (ESRS), understanding that double materiality

has two dimensions: impact materiality and financial materiality, where a sustainability matter/topic meets the criterion of double materiality if it is material from the impact perspective or the financial perspective or both. Within this context, a sustainability matter/topic is material from an *impact* perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term, while a sustainability matter is material from a *financial* perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking. This is the case when a sustainability matter generates risks or opportunities that have a material influence, or could reasonably be expected to have a material influence, on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term. Given the robustness of such a categorisation of materiality from a conceptual perspective, as well as its intrinsic importance within the regulatory environment and standardisation, materiality and material topics are a natural starting point and prism through which our activities were evaluated.

¹ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15–80).

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To ensure alignment of our approach with best practices, consulting services related to the support in the double materiality assessment were engaged, and aided by KPMG poslovno svetovanje, d.o.o. (hereinafter: KPMG),² GEN-I's double materiality assessment approach consisted of the following steps:

STEP 1

Define scope:

GEN-I defined the scope for its double materiality assessment to encompass all operational streams within the Group.

STEP 2

Identify potential and actual impact, risks, and opportunities:

This step aimed to compile an extensive list of sustainability matters/topics that may be relevant for the GEN-I (also aligning them with ESRS) while likewise identifying impacts, risks, and opportunities (IROs) related to those.

STEP 3

Internal IRO assessment:

The comprehensive assessment within this step included an internal IRO assessment by top management to identify sustainability matters/topics that appear material from an impact perspective and/or from a financial perspective.

STEP 4

External stakeholder engagement:

In this step, an assessment of external stakeholders was obtained through a distributed questionnaire to identify sustainability matters/topics that appear material from an impact perspective (financial materiality was assessed only internally).

STEP 5

Assessment of the final results:

The last step summarised the internal and external results from Steps 3 and 4. The dual approach provided a thorough review of materiality from

an internal and external perspective. The final results were validated with management to define the final ranking and matrix of the GEN-I's material sustainability topics.

The final ranking and matrix of the GEN-I's material topics, providing a quick glance at the areas with the most significant impact, facilitating prioritisation and decision-making, are presented below, whereas the material topics defined represent the initial orientation for the Sustainability Strategy architecture:



² In accordance with the contract between GEN-I and KPMG, the consulting service related to the support in the double materiality assessment as defined in the contract and products prepared within its scope are intended for the GEN-I and the KPMG, to the maximum extent permitted by the mandatory regulations, excludes its responsibility for the service and the products prepared within its framework vis-à-vis third parties.

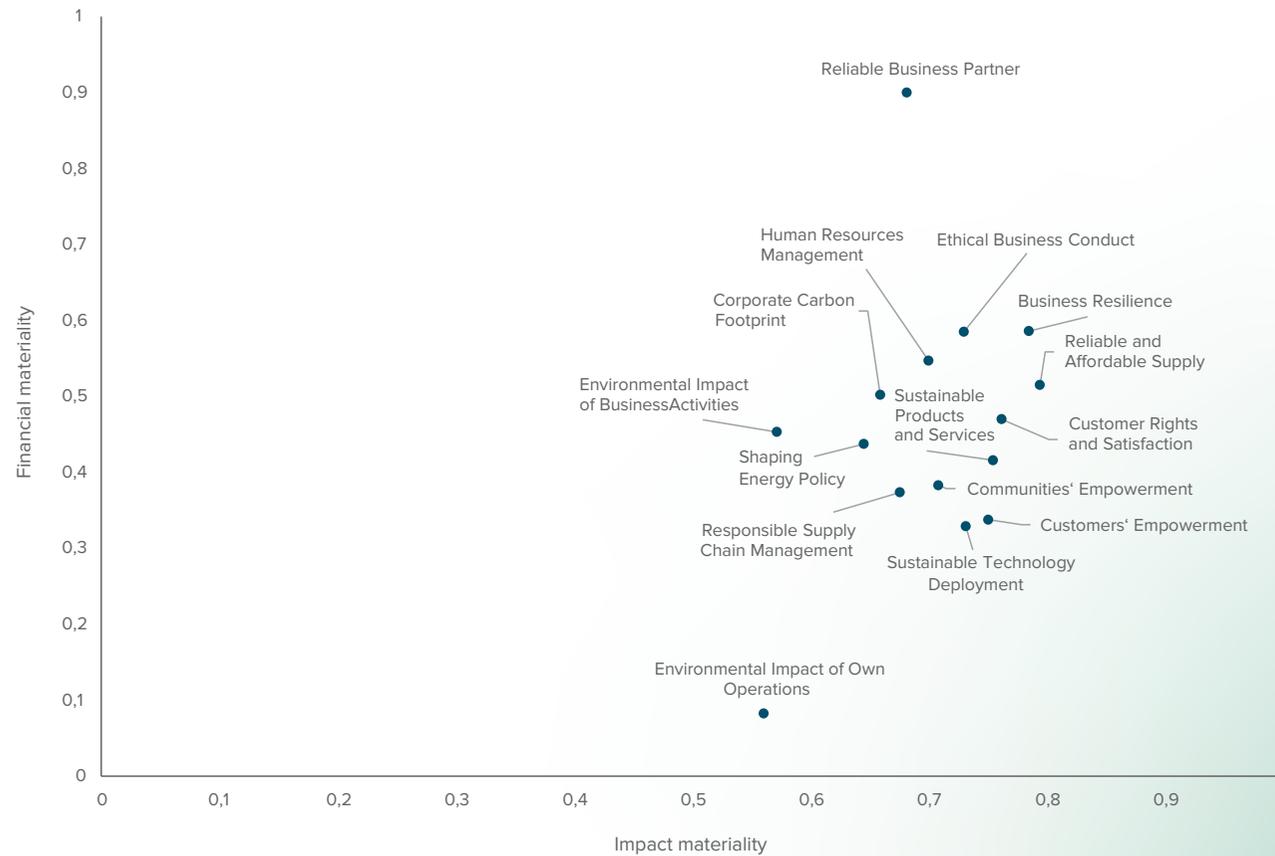
Material Sustainability Topics of GEN-I

RANKING	MATTER/TOPIC	DESCRIPTION
1.	Reliable and Affordable Supply	Reliable and affordable supply refers to the ways in which GEN-I approaches its end-customers in the segments of B2B and B2C supply of electricity and natural gas, for example, by offering affordable and competitive prices (in the absence of price regulation) or the ease with which we accept new customers, whether by choice or those that have lost their previous suppliers.
2.	Business Resilience	Business resilience encompasses GEN-I's strategies for dependable and stable performance, both in normal times and during crises. It involves robust risk management, including climate, credit, market, and regulatory risks, aimed at ensuring GEN-I's reliability as a supplier and business partner.
3.	Customer Rights and Satisfaction	Customer rights and satisfaction refers to the ways in which GEN-I respects the rights of its customers and works towards their satisfaction, including how their preferences are identified, considered, and taken into account, as well as the integrity of marketing practices undertaken and relevant data protection and privacy standards observed.
4.	Sustainable Products and Services	Sustainable products and services refers to the ways in which GEN-I approaches the development and offering to customers of innovative sustainable products and services, including but not limited to power purchase agreements for renewables producers, renewables self-consumption at individual and community levels as well as active consumers' demand-response solutions, including electro mobility, as well as the sustainability of projects themselves (in terms of meeting the conditions under the Taxonomy regulation).
5.	Customers' Empowerment	Customers' empowerment refers to the ways in which GEN-I promotes the empowerment of its customers, including through the promotion of energy literacy, to become active participants in the energy system and exercise their rights as well as utilise the opportunities provided by energy efficiency, demand response, and self-consumption, and the services offered by GEN-I in this regard.
6.	Sustainable Technology Deployment	Sustainable technology deployment refers to the ways in which GEN-I approaches its larger-scale investments into sustainable technologies, including but not limited to solar photovoltaics and battery storage, and encompasses both development goals in terms of capacity (MW) to be deployed as well as the sustainability of projects themselves (in terms of meeting the conditions under the Taxonomy regulation).

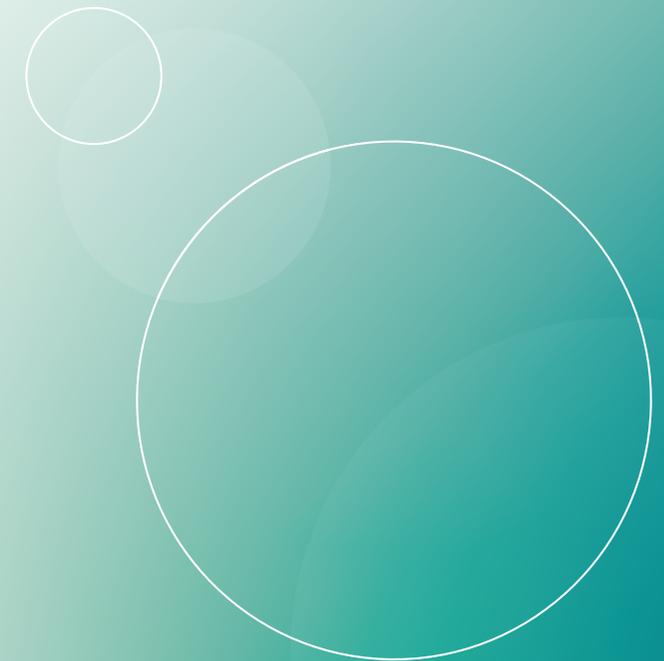
RANKING	MATTER/TOPIC	DESCRIPTION
7.	Ethical Business Conduct	Ethical business conduct refers to the ways in which GEN-I conducts its business, from its corporate culture, zero tolerance to bribery and corruption, responsible approach to interest advocacy, and the management of relations with its suppliers and supply chain.
8.	Communities' Empowerment	Communities' empowerment refers to the ways in which GEN-I promotes the empowerment of communities, including general local community development through sponsorships and donations as well as the expansion of access to reliable and affordable electricity from renewable energies through self-consumption, such as through renewable energy communities.
9.	Human Resources Management	Human resources management refers to all the ways GEN-I approaches its employees, their well-being and development. It covers zero tolerance to discrimination, violence and harassment, promotion of health and safety, gender equality, diversity, employment and inclusion of persons with disabilities, as well as prohibition of forced and child labour.
10.	Reliable Business Partner	Reliable business partner refers to the ways in which GEN-I conducts its business in relation to other businesses, in particular wholesale trading partners and business customers of our supply and sustainable energy solutions, and includes professionalism in our approaches, provision of expertise and support in service provision, and the comprehensive and timely fulfilment of contractual obligations.
11.	Responsible Supply Chain Management	Responsible supply chain management refers to the ways in which GEN-I approaches its suppliers across its entire value chain, in particular suppliers of technologies and trading partners, and encompasses verification of compliance with minimum safeguards, including but not limited to respect for human rights, fair competition and tax compliance, as well as environmental impacts associated with suppliers' activities.
12.	Corporate Carbon Footprint	Corporate carbon footprint refers to the ways in which GEN-I approaches the carbon footprint of its own, direct activities (for example, its business premises or large-scale sustainable technology projects) as well as the carbon footprint resulting from its activities indirectly (for example, its suppliers and customers), both in terms of assessment as well as implementation of reduction strategies.

RANKING	MATTER/TOPIC	DESCRIPTION
13.	Shaping Energy Policy	Shaping energy policy refers to the ways in which GEN-I engages proactively in the development of energy policy and regulatory frameworks, including sustainability-related aspects of energy, at regional and national levels in both the European Union and the Energy Community, and includes preparation of position papers, participation in public consultations, and promotion of perspectives on how to best utilise policy and regulatory frameworks to accelerate the green transformation and ensure transparent competition at public events for both expert, institutional and general public audiences.
14.	Environmental Impact of Business Activities	Environmental impact of business activities refers to the ways in which GEN-I approaches the management of its business activities, including but not limited to large-scale solar photovoltaics projects, and the impacts thereof on the natural environment in terms of biodiversity and ecosystems, water and energy consumption, as well as waste management and recycling.
15.	Environmental Impact of Own Operations	Environmental impact of own operations refers to the ways in which GEN-I approaches the management of its own operations, including but not limited to our business premises and the activities of our employees at Group level, and the impacts thereof on the natural environment in terms of biodiversity and ecosystems, water and energy consumption, as well as waste management and recycling.

Figure 1: Double Materiality Matrix of GEN-I



The double materiality matrix presented in Figure 1 below involves axes for financial materiality and impact materiality. The matrix's data points represent scores for 15 identified sustainability matters, where the scales refer to the extent of the materiality, i.e. from material (0) to significantly material (1).



Sustainability Reporting

The GEN-I Group has been reporting on sustainability matters since 2015, whereby we have been annually upgrading the disclosure of information related to the environmental matters, social matters and treatment of employees, respect for human rights, anti-corruption, and bribery, and diversity on company boards. As of 2022 (for reporting on the financial year 2021) we have aligned our sustainability reporting with the requirements of the Non-Financial Reporting Directive³ (hereinafter: NFRD), and with the Slovenian Companies Act (Official Gazette of the

Republic of Slovenia, No. 65/09 et seq). Furthermore, and to maximise comparability for interested parties, GEN-I Group provides the information required by the NFRD in accordance with GRI standards and disclosures, which currently represent the most widely used sustainability reporting framework.

Given that the GEN-I Group will have to start reporting according to the CSRD for the financial year 2024 for reports to be published in 2025, and considering that the latter modernises and strengthens the rules concerning the social and environmental information companies have to report via the ESRS⁴, activities are well underway to upgrade our processes and internal policies accordingly, using on the one hand the double materiality matrix as orientation for reporting under the ESRS, while our aforementioned implementation of GRI standards as enables us to start from strong foundations. In this regard, GEN-I shall report on all sustainability matters considered material, but can

omit disclosure requirements in a topical ESRS if the topic in question is not material for it.

Part of the structured reporting on sustainability of GEN-I Group is also the disclosure of information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation⁵. In particular, the GEN-I Group discloses the proportion of turnover, CAPEX and OPEX derived from products or services associated with economic activities that qualify as environmentally sustainable under the relevant Taxonomy Delegated Acts, e.g., Commission Delegated Regulation (EU) 2021/2139⁶ and strives to continuously improve the minimum safeguards, i.e., procedures to ensure the alignment of GEN-I Group and its supply chain with the OECD guidelines and UN principles on human rights, bribery, corruption, taxation and fair competition.

3 Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ L 330, 15.11.2014, p. 1–9).

4 As defined by Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (OJ L, 2023/2772, 22.12.2023).

5 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13–43).

6 Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1–349); as amended by Commission Delegated Regulation (EU) 2022/1214 (OJ L 188, 15.7.2022, p. 1–45) and Commission Delegated Regulation (EU) 2023/2485 (OJ L, 2023/2485, 21.11.2023).

Rationale for GEN-I's Green Bonds and Green Schuldschein

In 2017, GEN-I through its subsidiary GEN-I SONCE d.o.o. issued a Green Bond in order to facilitate financing of green energy projects to its customers, primarily in the field of energy efficiency and energy self-reliance (alternatively designated as 'renewables self-consumption'). Till year-end 2022 GEN-I has thus enabled nearly 5,000 Slovenian households to reduce their CO₂ emissions and contribute to clean energy production by installing solar power plants on their premises within the scope of renewables self-consumption. Such investments made in solar

power plants for households have till year-end 2022 contributed to an increase in green energy production amounting to 104,082 MWh, and to a decrease in CO₂ emissions amounting to roughly 51,000 tonnes. A considerable portion of these investments were made possible via funds obtained through the aforementioned bond issue, and a new Green Bond and/or Green Schuldschein issue would help GEN-I to further facilitate investments in solar power plants for households.

As our aim of decarbonisation of the energy system extends beyond the borders of Slovenia, and in 2019, GEN-I was awarded a tender in the Republic of North Macedonia which provided GEN-I the right to build a solar power plant with an overall capacity of 17 MW and rent the plot of land for 50 years. In 2022, GEN-I has concluded the construction of this solar power plant, its biggest to date, composed of 31,772 solar panels with a planned annual production of 25,000 MWh. The commissioning of this power plant presented an important milestone for the expansion of GEN-I Group when it comes to building large solar power plants and generating carbon-free electricity, and made a key contribution to the so-called "Green Scenario" of the Republic of North Macedonia pursuant to the Strategy for Energy Development of the Republic of North Macedonia.

In the future, we will focus a large portion of our developmental and sales activities on our charted

course towards the green transition. Gradually, we are introducing more and more sustainable approaches into the broader operations of our organisation in an increasingly structured and comprehensive manner. Such approaches will help us achieve our goal of becoming a leading provider of innovative products and services for green transition in the European energy market on an even more robust basis and in an even more efficient manner. While GEN-I's Green Bond issue of 2017 amounted to 14 Mio EUR, with the expansion of solarisation both in Slovenia in abroad, we feel a larger issue size is warranted. Funds from the Green Bond and/or Green Schuldschein issued would be in part used to refinance existing green projects of GEN-I and provide financing for other projects, primarily in the field of energy production and energy storage.



Green bond framework

Scope

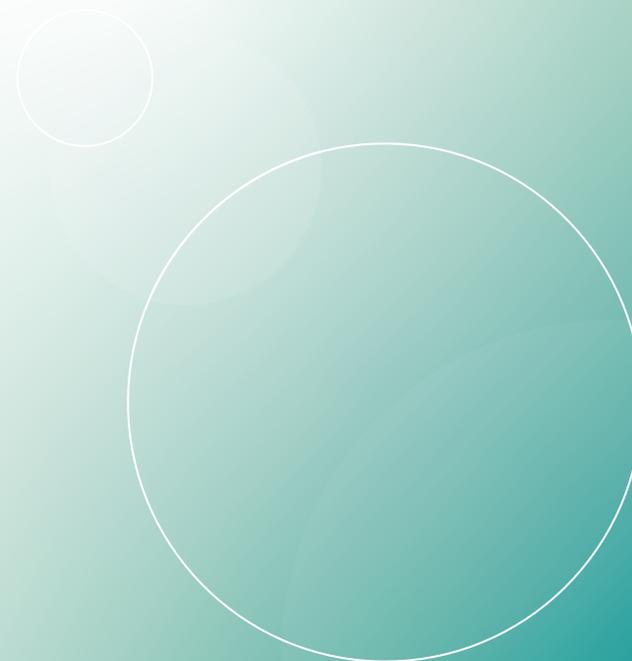
This Framework defines how Green Bonds/Green Schuldschein are set up within the GEN-I Group from the date of publication. This does not prevent GEN-I from keeping the flexibility to execute green financial transactions, the funds from which could be lent to any company within GEN-I Group. If that were the case, the potential eligible projects could be located in those countries where the companies within GEN-I Group receiving the funds would be investing.

Notwithstanding the foregoing, the **eligible projects** under this Framework will be located in Austria, Slovenia, Croatia, Bosnia and Hercegovina, Serbia, Monte Negro, Republic of North Macedonia and Greece.

Green Bonds issued by GEN-I or any of its subsidiaries prior to this Framework followed

similar project selection and reporting procedures. In order to assure homogeneity, GEN-I will report them according to this Framework to the extent possible. This includes adapting its annual reporting to include them in the Annual Assurance Report as described later.

This framework may be amended to reflect market developments, mainly related to further amendments of the EU Taxonomy and the Taxonomy Delegated Acts (in particular Commission Delegated Regulation (EU) 2021/2139); hence, any changes of will be aligned with the latest version of this framework. Assets will only be added to the portfolio if they fulfil the then current eligibility criteria.



Principles and General Guidelines

This Framework is aligned to, and intends to follow:

- Green Bond Principles (GBP) published by the International Capital Markets Association (ICMA) and last updated in June 2021, including Appendix 1, dated June 2022;
- EU Taxonomy Regulation and the Taxonomy Delegated Acts (e.g., Commission Delegated Regulation (EU) 2021/2139).

The ICMA Green Bond Principles - Voluntary Process Guidelines for Issuing Green Bonds June 2021 (with June 2022 Appendix 1) are voluntary guidelines that recommend transparency and disclosure information and promote integrity in the development of the green bond market by clarifying the approach for issuance of green bonds. In this regard, the Framework for the issuance of GEN-I's Green Bonds and/or Green Schuldschein in accordance with the latest ICMA Green Bond Principles includes the following key components:

- **Use of Proceeds;**
- **Projects Evaluation and Selection;**
- **Management of Proceeds;**
- **Reporting and**
- **External Review.**

Each Green Bond and/or Green Schuldschein shall be issued in accordance with this Green Bond Framework, which may change from time to time without prior notice.

Use of Proceeds

An amount equal to the net proceeds of Green Bonds and/or Green Schuldschein will be used to finance and/or refinance, in whole or in part, eligible green assets, both tangible and intangible, and capital expenditures deemed eligible under the EU Taxonomy regulation and this framework. Up to 50% of net proceeds will be used to refinance existing eligible assets and the remaining portion will be used to finance new eligible green assets and capital expenditures. No assets obtained prior to 1st January 2021 will be considered for refinancing under this Framework.

For the purpose of this document, eligible green assets and capital expenditures are related to activities under the categories electricity generation using solar photovoltaic technology and storage of electricity as defined by the Commission Delegated Regulation (EU) 2021/2139.

Eligible green assets and capital expenditures shall qualify for financing and/or refinancing provided that at the time of issuance of the debt instrument they meet the relevant eligibility criteria.

Assets will be included in the Eligible Green portfolio at their current book value to be updated annually to reflect investment and depreciation under latest IFRS. Capital expenditures will

be included in the portfolio in the amount of their initial expenditure, subject to annual depreciation.

In order to ensure that all Eligible green assets and capital expenditures provide environmental benefits, they must fall into and comply with at least one of the following eligible project categories and technical eligibility criteria respectively:

Eligible Project Categories and Technical Eligibility Criteria

ELIGIBLE PROJECT CATEGORY	SUB-CATEGORY	TECHNICAL ELIGIBILITY CRITERIA	ENVIRONMENTAL OBJECTIVES & SDGS CONTRIBUTION
Renewable energy production	Electricity generation using solar photovoltaic technology	Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology.	Climate change mitigation through avoidance and reduction of Greenhouse gas emissions (GHG) Provision of clean energy
	Electricity generation from wind power	Construction or operation of electricity generation facilities that produce electricity from wind power.	
Energy Storage	Storage of electricity	Construction and operation of facilities that store electricity and return it at a later time in the form of electricity.	

Process for Project Evaluation and Selection

GEN-I bases its process for **project evaluation and selection** on internal expertise. The project evaluation and selection process under this Framework is performed and coordinated by **GEN-I's Green Investment Committee** (hereinafter: GIC), a decision-making body for evaluating and selecting all larger proposed green projects within the GEN-I Group. GIC comprises representatives from various departments, ranging from finance and controlling, legal department, energy and sustainability regulation and compliance department, risk management, technical department, as well as one representative from the Management Board, and is headed

by the Chief Financial Officer of GEN-I. The GIC provides guidelines on specific topics related to the green projects proposed, defines requirements for project eligibility, analyses status reports, and coordinates as well as directs involvement of particular departments and/or experts within GEN-I Group to, *inter alia*, enable project execution or implement as well as enhance associated supporting processes. The GIC has regular monthly sessions, which ensures continuous and ongoing evaluation of potential green projects.

The GIC evaluates potential projects according to **GEN-I's sustainability criteria**, introduced by the Policy for the Assessment of the Sustainability of Activities and Projects in the GEN-I Group (hereinafter: the Assessment Policy). These criteria are set following EU Taxonomy Regulation, Commission Delegated Regulation (EU) 2021/2139, the CSRD and ESRS, and represent a vital part of the sustainable financing process within GEN-I Group, whereby all three sustainability aspects are considered, i.e. environmental (E), social (S) and governance (G).

The GEN-I's sustainability criteria for the assessment of activities and projects are divided into (1) those related to the implementation of activities/projects in accordance with minimum safeguards (S and G aspects) based on Article 18 of the EU Taxonomy Regulation and (2) those

related to the fulfilment of technical criteria (E aspect) according to the Commission Delegated Regulation (EU) 2021/2139. In doing so, compliance with minimum safeguards is assessed at the entity (company) level, and assessment related to technical criteria is carried out at the individual activity or project level.

When assessing individual economic activity/project, a dedicated checklist is prepared to ensure compliance with GEN-I's sustainability criteria as defined by the Assessment Policy. The assessment process consists of two phases, whereby:

- In the 1st phase, the answers to the checklist questions must indicate what constitutes the basis for the final answers in accordance with defined sustainability criteria and how the credibility of the stated basis will be ensured (e.g., with the use of a KYC questionnaire).
- In the 2nd phase, the answers to the checklist questions must provide a concrete answer to the question arising from the relevant criteria (which can be verified through the specified basis mentioned in the 1st phase).

Criteria for Minimum Safeguards Alignment – S and G aspects

Each potential project under this Framework will be evaluated through criteria for **minimum safeguards** alignment based on Article 18 of the EU Taxonomy Regulation. The inclusion of minimum safeguards in the GEN-I's sustainability criteria aims to prevent investments from being regarded as 'sustainable' if they involve breaches of key social principles and human and labour rights or do not align with minimum standards for responsible business conduct. In other words, GEN-I and its suppliers or other business partners related to the implementation of the project have to meet certain minimum social and governance standards.

Based on Article 18 of the EU Taxonomy Regulation, the GEN-I's criteria for minimum safeguards alignment refer both to international standards of responsible business conduct under Article 18(1) and to the principle of 'do no significant harm' under Article 18(2). The criteria also take into account the ESRS, the Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Regulation and links to the Sustainability Finance Disclosure Regulation⁷ and the Final Report on Minimum Safeguards issued in October 2022 by the Platform on Sustainable Finance (hereinafter: PSF Final Report).

Under Article 18(1) of the EU Taxonomy Regulation, minimum safeguards are to be understood as due diligence and remedy procedures implemented by a company that is carrying out an economic activity or project in order to ensure alignment with the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises (OECD MNEs) and the UN Guiding Principles on Business and Human Rights (UNGP). With reference to the PSF Final Report, the substantive topics pertinent to minimum safeguards are:

- protection of human rights;
- prevention of corruption;
- tax compliance;
- respect for fair competition.

Below is a summary of GEN-I's criteria for minimum safeguards alignment. The assessment process concerns the undertaking's own operations as well as its business relationships and value and supply chains. When conducting an assessment of a given business partner/supplier a dedicated KYC questionnaire is employed, whereby the partner under evaluation provides statements pertaining to a specific topic, e.g. whether it has policies and procedures in place to ensure protection of human rights (while also providing relevant evidence/documents) and/or whether the company has ever been charged/penalized for violating human rights, where the business partner/supplier should be considered non-compliant if one of the two criteria of the relevant topic from Table 4 below applies.

⁷ OJ C 211, 16.6.2023, p. 1–5.

GEN-I Criteria for Minimum Safeguards Alignment

TOPIC	CRITERIA FOR MINIMUM SAFEGUARDS ALIGNMENT
Protection of human rights	<ol style="list-style-type: none"> <li data-bbox="510 357 1344 459">1. The company has not established an adequate human rights due diligence process (HRDD) as outlined in the UNGPs and OECD Guidelines for MNEs. <li data-bbox="510 469 1344 539">2. There are signals that the company did not adequately implement HRDD and/or did abuse human rights.
Prevention of corruption	<ol style="list-style-type: none"> <li data-bbox="510 576 1344 678">1. The company has not established appropriate policies or has not developed adequate internal controls, programs or measures to prevent or detect corruption and bribery. <li data-bbox="510 687 1344 791">2. The company or its senior management, including the senior management of its subsidiaries, has finally been convicted in court on corruption.
Tax compliance	<ol style="list-style-type: none"> <li data-bbox="510 831 1344 933">1. The company does not treat tax governance and compliance as important elements of oversight, and there are no adequate tax risk management strategies and processes in place. <li data-bbox="510 943 1344 1013">2. The company or its subsidiaries has been finally found violating of tax laws.
Respect for fair competition	<ol style="list-style-type: none"> <li data-bbox="510 1050 1344 1190">1. The company has not established an adequate competition policies and does not promote employee awareness of the importance of compliance with all applicable competition laws and regulations. <li data-bbox="510 1200 1344 1302">2. The company or its senior management, including the senior management of its subsidiaries, has been finally convicted on violating competition laws.

The only issue covered by Article 18(2) as of today which is not explicitly covered by Article 18(1) is therefore the principal adverse impact relating to the exposure to controversial weapons as defined under the SFDR Delegated Regulation⁸, i.e. anti-personnel mines, cluster munitions, chemical weapons and biological weapons. Accordingly, undertakings are additionally required to make sure that their methods for exercising due diligence and finding solutions facilitate the identification, prevention, mitigation, or correction of any actual or possible exposure to the production or sale of weapons that are problematic.

⁸ OJ L 196, 25.7.2022, p. 1.

Technical screening criteria – E aspect

The assessment related to technical criteria is carried out at the individual activity or project level (e.g., Construction of electricity generation facility that produce electricity using solar PV technology). **Technical screening criteria** consider whether the proposed project significantly contributes to the environmental objectives and does not significantly harm any of the environmental goals outlined in the EU Taxonomy Regulation. For example, based on Commission Delegated Regulation (EU) 2021/2139 these criteria include:

- The assessment of the physical climate risks that may affect the performance of the project during its expected lifetime, i.e., identifying the physical climate risks that are material

to the project from those listed in the table in Section II of Appendix A to Commission Delegated Regulation (EU) 2021/2139 (i.e., temperature-related, wind-related, water-related and solid mass-related chronic and acute physical climate risks). Where the project is assessed to be at risk from one or more physical climate risks, a climate risk and vulnerability assessment is carried out to determine the materiality of the physical climate risks on the economic activity. As a last step, an assessment of adaptation solutions that can reduce the identified physical climate risk is carried out if considered as needed.

- The environmental impact assessment (EIA) if it has to be completed in accordance with the EIA Directive⁹ or for activities/projects in third countries, in accordance with equivalent applicable national law or international standards requiring the completion of an EIA or screening; if an EIA has been carried out, the required mitigation and compensation measures for protecting the environment have to be implemented.
- Assessment of whether a waste management plan is in place and ensure maximal reuse or

recycling at the end of life of facilities that store electricity.

- Assessment if the solar generation facility assesses the availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.

With systematic implementation of, and assessment according to, the presented criteria based on the EU Taxonomy Regulation, we ensure that projects supported are limited to those that reduce pressures on the environment to help reach the climate and environmental objectives of the European Green Deal, taking into account also social and governance aspects. As we believe the EU Taxonomy Regulation criteria will safely guide us through our green transition path, we also do not see our present activities in terms of natural gas supply as a significant limitation in our transition plans; namely, as the European Commission suggests, these should be established by companies taking due account of the EU Taxonomy criteria and the CSRD, and within the framework of which stable sources of energy production are recognised as necessary to accelerate the transition towards net-zero

⁹ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1–21).

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greenhouse gas emissions and enable the shift towards renewable energy that is essential for achieving climate neutrality. Therefore, the Commission included certain natural gas activities (e.g., Electricity generation from fossil gaseous fuels) as transitional activities to the Commission Delegated Regulation (EU) 2021/2139, these being considered activities which cannot yet be replaced by technologically and economically feasible low-carbon alternatives but do contribute to climate change mitigation and have the potential to play a major role in the transition to a climate-neutral economy, in line with EU climate goals and commitments and subject to strict conditions (in particular **EU Taxonomy technical screening criteria**), without crowding out investment in renewables. Consequently, the question of natural gas supply is undergoing internal assessment within a more complex transition-alignment context that includes, *inter alia*, considerations of alignment with EU Taxonomy technical screening criteria and the longer-term shift towards gas decarbonisation at technical and EU regulatory levels (including hydrogen and synthetic natural gases resulting from systemic power-to-gas implementation as a form of energy storage for excess intermittent renewables production).

Furthermore, in 2023, GEN-I established a dedicated working group to focus on GEN-I's impacts, risks, and opportunities (IRO) related to sustainability matters within its business activities

(i.e., trading and supply of energy; sale of energy technologies and services and own production and storage of electricity). It aims to identify and assess priority IROs for GEN-I to select and address key IROs (e.g., manage risks and negative impacts and seize opportunities). In this process, GEN-I identified key climate themes and three scenarios of relevance, where each scenario has a different socio-economic-technical development and physical development identified. Further, each scenario is distinguished by several parameters, such as performance level, level of policy coordination, objectives, key energy sources, energy market and connectivity, development of technologies, the role of prosumers, network development, achievement of a net-zero carbon EU by 2050, and the respective IPCC scenario (temperature rise by 2100).

Within the activities and structure of the IRO working group, particular focus was given to risks, where GEN-I has searched for transition and physical risks in GEN-I's activities and classified them according to the existing methodology of GEN-I's Risk Department. We have identified the risk category, the type of risk, a description of the risk, and the impact of the risk on GEN-I. In addition, we have defined the magnitude of the impact on GEN-I (small/medium/large), the temporal dimension (short-/medium-/long-term), the likelihood/probability of the risk occurring/materialising (low/medium/

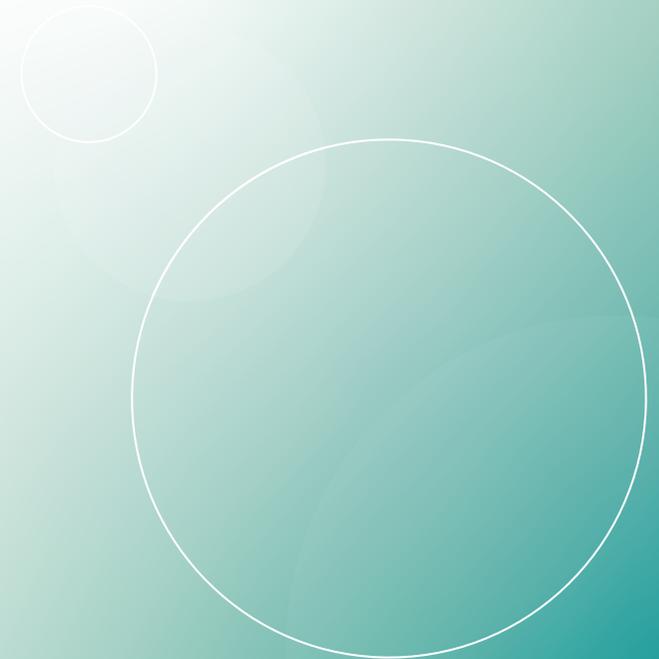
high), and the possibility of GEN-I having an impact on the risk (small/medium/large). Such risk categorisation and classification was performed for each aforementioned scenario and all GEN-I activities separately, and a similar approach was employed for assessment of identified opportunities and impacts. Alongside the material sustainability topics identified within the double materiality matrix as described in earlier chapters, the key IROs identified and subsequently prioritised will form the foundations of strategic transition plans, including the Sustainability Strategy presently under development. In this way, GEN-I aims to manage key IROs effectively in terms of minimizing risks and negative impacts, seize opportunities, and enhance as far as feasible GEN-I's potential and actual positive impacts on the environment and society. Through such a consolidated comprehensive approach, GEN-I aims to address key critical constraints and leverage our capabilities to enable stable development, robust growth, and steady progress on an ambitious trajectory of sustainable development to ensure our contribution towards a sustainable economy and net zero by 2050.

Management of Proceeds

GEN-I intends to allocate the net proceeds from Green Bonds and/or Green Schuldschein issued to the **Eligible Green portfolio**, selected in accordance with the Use of Proceeds criteria and Evaluation and Selection process of this Framework, **within 24 months** after the issuance date of each Green Bond and/or Green Schuldschein.

The Eligible Green portfolio will consist of existing and/or new projects. Projects that meet eligibility criteria will be added to the Green Bond/Green Schuldschein portfolio. The GIC will monitor the Eligible Green portfolio and will exclude any and all assets or capital expenditures that no longer comply with the eligibility criteria or have been disposed of.

An amount equal to the net proceeds will be credited to a separate account (**Green Account**) that will support and document GEN-I's financing of the Eligible Green portfolio. The allocation of net proceeds from issued Green Bonds and/or Green Schuldschein to the Eligible Green portfolio will be reviewed and approved by the GIC on at least an annual basis. GEN-I will hold the balance of net proceeds not yet allocated as cash in its Green Account.



Reporting

Pursuant to this Framework, GEN-I will publish a letter to investors on the allocation of net proceeds and the targeted impact of the eligible projects included in the Eligible Green portfolio. This letter will be provided on at least semi-annual basis till the final maturity of a given bond or Schuldschein. GEN-I will provide data on each project included in the Eligible Green portfolio on an individual basis but might also choose to aggregate certain classes of projects. For the avoidance of doubt GEN-I will clarify if several green financing instruments have been used to finance the Eligible Green portfolio, should this be the case.

Pursuant to this Framework, GEN-I is committed to report on the following information:

Allocation of proceeds:

- list of eligible green assets and/or capital expenditures;
- descriptions of the projects and/or capital expenditures;
- the year of investment;
- split of Eligible Green Projects per each company within GEN-I Group
- split of Eligible Green Projects' categories (re)financed;
- share of co-financing for the Eligible Projects - joint investment and joint ventures;
- share of financing vs. refinancing new project or existing project;
- total aggregated proportion of Green Financing instruments net proceeds used for Green Projects;
- balance of unallocated proceeds.

Impact of the eligible projects:

- number of households served with clean energy;
- annual renewable energy generation in MWh;
- energy savings due to efficiency increase in MWh;
- annual renewable energy stored in MWh;
- reduction in GHG emissions in tonnes of CO₂ equivalent.

GEN-I is committed to publish the report on its official website. Impact of the eligible projects will be prepared in accordance with the national legislation¹⁰ and on best effort basis.

¹⁰ Regulation on methods on determining energy savings (National Gazette of the RS, Nr. 57/21).

External review

Second Party opinion

GEN-I intends for this Framework to be reviewed by a third party to provide an external review confirming the alignment of this Framework with the Green Bond Principles issued by ICMA. GEN-I will publish the results of this verification on its website.

Annual Assurance Report

GEN-I's external auditor will on an annual basis provide a limited assurance on the allocation and internal tracking method of the proceeds from Green Bonds and/or Green Schuldschein. The annual assurance report for issued Green Bonds and/or Green Schuldschein will be provided in connection with the annual investor letter and will be made available on GEN-I's website.

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