

SECOND PARTY OPINION

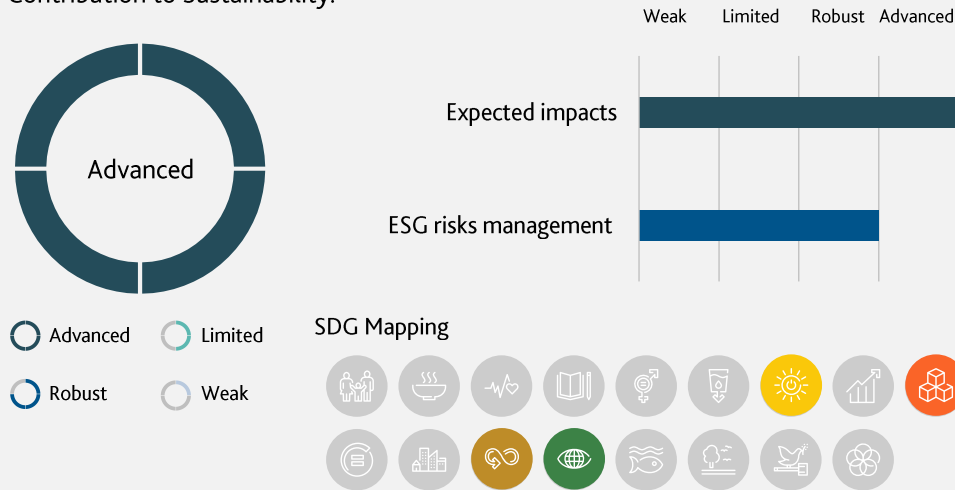
on the sustainability of Vena Energy's Green Financing Framework

Moody's ESG Solutions considers that Vena Energy's Framework is aligned with the four core components of the ICMA's Green Bond Principles 2021 ("GBP") (with June 2022 Appendix 1) and the LMA/APLMA/LSTA's Green Loan Principles 2021 ("GLP").



Framework

Contribution to Sustainability:



Characteristics of the Framework

Green Project Categories	⇒ Renewable Energy ⇒ Energy Efficiency ⇒ Fuel Production ⇒ Circular Economy Technologies and Process
Project Locations	Asia-Pacific
Existence of Framework	Yes
Share of Refinancing	To be disclosed prior to each issuance
Look-back Period	Not defined for all Eligible Projects

Issuer

Controversial Activities

The Issuer appears to not be involved in any of the 17 controversial activities screened under our methodology:

- Alcohol
- Fossil fuels industry
- High interest rate lending
- Pornography
- Animal welfare
- Coal
- Human embryonic stem cells
- Reproductive medicine
- Cannabis
- Gambling
- Military
- Tobacco
- Chemicals of concern
- Genetic engineering
- Nuclear power
- Unconventional oil and gas
- Civilian firearms

ESG Controversies

Number of Controversies	None
Frequency	N/A
Severity	N/A
Responsiveness	N/A

Coherence

Coherent
Partially coherent
Not coherent

Moody's ESG Solutions considers that the contemplated Framework is coherent with Vena Energy's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

Key findings

Contextualisation:

V.E (previously Vigeo Eiris), now integrated into Moody's ESG Solutions, had previously provided a Second Party Opinion ("SPO") on Vena Energy's Green Financing Framework in September 2020¹. This SPO provides the latest updated opinion on Vena Energy's revised Green Financing Framework under Moody's ESG Solutions' methodology.

Moody's ESG Solutions considers that Vena Energy's Framework is aligned with the four core components of the GBP and GLP.

Use of Proceeds - aligned with the GBP and GLP

- The Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria and location of Eligible Projects for all categories.
- The Environmental Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards for all Eligible categories.
- The Expected Environmental Benefits are clear, precise, relevant and measurable. They will be quantified for all Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate to investors the estimated share of refinancing prior to each issuance. The Issuer has not provided information on the look-back period for all refinanced Eligible Projects.

Evaluation and Selection - aligned with the GBP and GLP and best practices identified by Moody's ESG Solutions

- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. The process is well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of Eligible Projects). The roles and responsibilities are clear and include relevant internal expertise. The process is publicly disclosed in the Framework and this Second Party Opinion.
- Eligibility Criteria for project selection have been clearly defined and detailed by the Issuer, including relevant exclusion criteria, for all Eligible Categories.
- The process applied to identify and manage potentially material ESG risks associated with Eligible Projects is publicly disclosed in this Second Party Opinion. The process is considered robust: it combines monitoring, identification, and corrective measures, for a majority of Eligible Projects (see detailed analysis on pages 18-20).

Management of Proceeds - aligned with the GBP and GLP and best practices identified by Moody's ESG Solutions

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- Net proceeds of the Bond/Loan will be placed in a segregated account.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Bond/Loan is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Projects.
- The Issuer has provided information on the procedure that will be applied in case of project divestment and has committed to reallocate divested proceeds to projects that comply with the Framework.

¹ https://www.venaenergy.com/nwp/wp-content/uploads/2022/05/02_2020_09_07_VigeoEiris_SPO_Vena-Energy_FINAL.pdf

Reporting - aligned with the GBP and GLP

- The Issuer has committed to report on the Use of Proceeds on an annual basis, until full allocation and on a timely basis in case of material developments. The report will be disclosed only to investors/lenders.
- The Issuer has committed to include in the reports relevant information related to the allocation of Bond/Loan proceeds and the expected sustainable benefits of the Eligible Categories.
- The reporting methodology and assumptions used to report on environmental benefits of the Eligible Categories will be disclosed only to investors/lenders.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until full allocation and in case of material changes. An external auditor will verify the reporting on the environmental benefits of Eligible Categories until full allocation and in case of material changes.

Contact

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SCOPE

Moody's ESG Solutions was commissioned to provide an independent Second Party Opinion ("SPO") on the sustainability credentials and management of the Green Bonds/Loans² (the "Bonds/Loans") to be issued by Vena Energy (the "Issuer") in compliance with the Green Financing Framework (the "Framework") created to govern their issuance(s).

Our opinion is established according to Moody's ESG Solutions' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the voluntary guidelines of ICMA's Green Bond Principles ("GBP") - edited in June 2021 (with June 2022 Appendix 1) and the LMA/APLMA/LSTA's Green Loan Principles ("GLP") - edited in February 2021 (referred together as the "GBP & GLP").

Our opinion is built on the review of the following components:

- Framework: we assessed the Framework, including the coherence between the Framework and the Issuer's environmental commitments, the Bond/Loan's potential contribution to sustainability and its alignment with the four core components of the GBP & GLP 2021.
- Issuer³: we assessed the Issuer's management of potential stakeholder-related ESG controversies and its involvement in controversial activities⁴.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from Moody's ESG Solutions' exclusive ESG rating database, and (iii) information provided from the Issuer, through documents.

Our opinion and work have been carried out in good faith. Moody's ESG Solutions has not performed any audit, site visit, inspection, nor other tests to establish the accuracy of the information provided by the Issuer. The Issuer is solely responsible for the correctness of the information it has provided and its compliance with, and implementation of, its commitments.

We carried out our due diligence assessment from September 26, 2022 to November 29, 2022. We consider that we were provided access to all documents and interviewees we solicited. For this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment.

Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input checked="" type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation		

² The "Green Bond/Loan" is to be considered as the bond/loan to be potentially issued, subject to the discretion of the Issuer. The name "Green Bond/Loan" has been decided by the Issuer: it does not imply any opinion from Moody's ESG Solutions.

³ The Issuer is not part of our ESG performance rating universe.

⁴ The 17 controversial activities screened by us are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

We consider that the contemplated Framework is coherent with Vena Energy's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

Renewable energy has an important role to play in combating climate change and promoting sustainable economic growth in the Asia Pacific region. Currently, the region consumes more than half of global energy, with 85% of that consumption coming from fossil fuels. On top of that, one-tenth of the population in the region still lacks access to electricity.⁵ Given this backdrop, renewable energy is expected to help meet the increasing energy demands due to the region's economic expansion and population growth, while pursuing the decarbonisation objectives.

According to Asian Development Bank, the Asia Pacific region has shown considerable progress in developing renewable energy capacity, however, the deployment of renewable energy remains below the required level to keep pace with the transition needed to meet international and national decarbonisation targets.⁶ To support the growth of renewables, it is predicted that investment in renewable energy in the region could reach \$1.3 trillion per annum by 2030.⁷ The power and utility sector in the Asia Pacific region can therefore contribute to multiple sustainability goals by increasing renewable energy development, including climate change mitigation and energy transition, improved energy security, and reduction of air pollution.

Vena Energy is a renewable energy company headquartered in Singapore, with operations across the Asia Pacific region. Its corporate mission is to accelerate the energy transition across the Asia-Pacific region. In 2021, Vena Energy's solar and wind assets generated 3.1 TWh of clean energy.⁸

Vena Energy has taken on a three-pronged approach to integrating sustainability into its operation, which covers (a) environmental stewardship; (b) empowering people, partners, and community; and (c) ethical and transparent business. Furthermore, Vena Energy has identified several environmental topics as its priority issues in its materiality matrix, including clean energy installation and generation, and climate action and disclosure. As part of its climate strategy, Vena Energy is committed to net zero and is in the process of developing a pathway. Vena Energy also provided transparent communication of its environmental impact across the value chain through scope 1, 2, and 3 emissions disclosures in its 2021 Sustainability Report.⁹

Vena Energy aligns its business model with 17 United Nations Sustainable Development Goals (SDGs), particularly nine SDGs. To further support sustainability initiatives, Vena Energy has entered into sustainable partnerships with organisations such as the United Nations Global Compact, Task Force on Climate-related Financial Disclosures (TCFD), and Carbon Pricing Leadership Coalition (CPLC).

The Issuer's Framework, under which the Issuer will issue Green Bonds/Loans to finance four green project categories, coherently aligns with the Issuer's sustainability strategies and commitments and addresses important sustainability issues of the sector.

⁵ <https://www.irena.org/asiapacific>

⁶ <https://www.adb.org/sites/default/files/publication/611911/asia-pacific-renewable-energy-status.pdf>

⁷ <https://www.adb.org/news/new-adb-energy-policy-support-energy-access-and-low-carbon-transition-asia-and-pacific>

⁸ <https://www.venaenergy.com/sustainability/environmental/commitment-to-climate-action/>

⁹ https://www.venaenergy.com/nwp/wp-content/uploads/2022/06/Vena_Energy_FY2021_Report.pdf

FRAMEWORK

Vena Energy has described the main characteristics of the Bond/Loan within a formalised Green Financing Framework that covers the four core components of the GBP 2021 (with June 2022 Appendix 1) and GLP 2021 (the last updated version was provided to Moody's ESG Solutions on November 29, 2022). The Issuer has committed to make this document publicly accessible on its website¹⁰, in line with good market practices.

Alignment with the Green Bond and Loan Principles

Use of Proceeds



The net proceeds of the Bonds/Loans will exclusively finance or refinance, in part or in full, projects falling under four Green Project Categories ("Eligible Categories"), as indicated in Table 1.

- The Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria and location of Eligible Projects for all categories.
- The Environmental Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards for all Eligible categories.
- The Expected Environmental Benefits are clear, precise, relevant and measurable. They will be quantified for all Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate to investors the estimated share of refinancing prior to each issuance. The Issuer has not provided information on the look-back period for all refinanced Eligible Projects.

Of note, for Eligible Green Projects with a Power Purchase Agreement ("PPA") in place, the look-back period for each project will be the length of the individual PPAs. For the avoidance of doubt, this includes any PPA extensions that have been executed. An area for improvement would be to limit the look-back period to a maximum of 36 months to be in line with market practices.

BEST PRACTICES
⇒ The definition and eligibility criteria (selection and exclusion) are clear and in line with international standards for all categories
⇒ Relevant environmental benefits are identified and measurable for all project categories
⇒ The Issuer has committed to transparently communicate to investors the estimated share of refinancing prior to each bond issuance.

¹⁰ venaenergy.com

Table 1. Our analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

- Nature of expenditures: Payment to EPC contractors or direct equipment purchases, e.g. solar modules, inverters, wind turbines, generators, and labour and other services related to construction
- Location of Eligible Projects/Assets: Asia-Pacific region, including Japan, North Asia & Australia, Southeast Asia, and India

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Renewable Energy	Solar energy ¹¹	Photovoltaic solar electricity, concentrated solar power, and dedicated transmission and distribution infrastructure for our projects. These projects do not generate electricity using non-solar fuel.	<u>Climate change mitigation</u> GHG emission reduction/avoidance	The Eligible Category is clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria and location at national level of the Eligible Green Expenditures. The Environmental Objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards. The expected Environmental Benefits are clear, precise, relevant and measurable. They will be quantified in the reporting.
	Wind energy ¹²	Onshore wind farms, and dedicated transmission and distribution infrastructure for our projects.		
	Marine renewables ¹²	Offshore wind and solar farms, dedicated transmission and distribution infrastructure, and dedicated supporting facilities, including grid connections, transformers, equipment storage and onshore assembly.		
	Hydropower	a. Run of river projects that does not have an artificial reservoir; b. Other hydro projects that meet any of the following criteria: <ul style="list-style-type: none"> i. The power density of the electricity generation facility is above 5 W/m²; or ii. The lifecycle GHG emissions from the generation of electricity from hydropower, are lower than 100g CO₂e/kWh c. Dedicated transmission & distribution infrastructure.		
Energy Efficiency		Energy storage: a. Utility-scale battery energy storage; b. Pumped hydro energy storage that meet any of the following:	<u>Climate change mitigation</u> Increase of energy storage capacity	The Eligible Category is clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria and location at national level of the Eligible Green Expenditures. - The Issuer has confirmed in internal documentation that energy storage projects are





¹¹ The majority of the proceeds will be invested in renewable solar, wind, and marine renewable projects.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
		<ul style="list-style-type: none"> i. The power density of the electricity generation facility is above 5 W/m²; or ii. The lifecycle GHG emissions from the generation of electricity from hydropower, are lower than 100g CO₂e/kWh iii. In addition, any of the following: <ul style="list-style-type: none"> • The facility is demonstrably purposefully built in conjunction with intermittent renewables; or • The facility is contributing to a grid which already has a share of intermittent renewables deployment of at least 20% or has credible evidence of programmes in place that increase the share of intermittent renewables to this level within the next 10 years; or • The facility can credibly demonstrate that the pumped storage will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged c. Flywheel energy storage; d. Compressed air energy storage, including R&D for Energy Storage System (ESS) design; e. Dedicated transmission & distribution infrastructure (as part of the energy storage systems / load management system). 		<p>intended to be built alongside renewable energy projects, however, there is a possibility that the energy storage projects will be connected to the grid.</p> <p>The Environmental Objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, precise, relevant, and measurable. They will be quantified in the reporting.</p>
Fuel Production		<p>Hydrogen fuel:</p> <ul style="list-style-type: none"> a. Hydrogen fuel production facilities that meet the following: <ul style="list-style-type: none"> i. The lifecycle GHG emissions is less than 3tCO₂e/tH₂ for electrolysis; and ii. Hydrogen production via water electrolysis only b. Dedicated transmission infrastructure and dedicated supporting facilities including grid connections, distribution infrastructure and storage equipment. 	<p><u>Climate change mitigation</u> GHG emissions avoidance</p>	<p>The Eligible Category is clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the eligibility criteria and location at national level of the Eligible Green Expenditures.</p> <ul style="list-style-type: none"> - The Issuer has confirmed in internal documentation that freshwater availability is taken into consideration for hydrogen projects in the Environmental and Social Impact Assessment conducted by third-party. <p>The Environmental Objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p>

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
		Vena Energy's hydrogen projects will aim to transition to 100% renewable energy-powered electrolysis (enabled through a hybrid battery solution) over time.		The expected Environmental Benefits are clear, precise, relevant, and measurable. They will be quantified in the reporting.
Circular Economy Technologies and Process		<p>Projects focused on improving the circular economy such as the following:</p> <p>a. Recycling, refurbishment, reuse/redistribution of materials and components, excluding projects related to transportation of waste materials</p> <p>b. Investments that help to maintain/prolong systems, materials and/or assets that contribute to minimizing systematic leakage and negative externalities, excluding investments related to projects that prevent leakage of natural gas and/or methane</p>	<p><u>Pollution prevention and control</u></p> <p>Waste prevention, reduction and recycling</p> <p>Decrease in hazardous material use</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, the eligibility criteria and location at national level of the Eligible Green Expenditures.</p> <ul style="list-style-type: none"> - An area for improvement is to set a waste reduction/recycling threshold for this category <p>The Environmental Objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, precise, relevant, and measurable. They will be quantified in the reporting.</p>

SDG Contribution

The Eligible Categories are likely to contribute to four of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Renewable Energy Energy Efficiency	 7 Affordable and Clean Energy	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Circular Economy Technologies and Process	 9 Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Circular Economy Technologies and Process	 12 Responsible Production and Consumption	12.2 By 2030, achieve the sustainable management and efficient use of natural resources 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Renewable Energy Energy Efficiency Fuel Production	 13 Climate Action	Take urgent action to combat climate change and its impacts

Evaluation and Selection of Eligible Projects



- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. The process is well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of Eligible Projects). The roles and responsibilities are clear and include relevant internal expertise. The process is publicly disclosed in the Framework and this Second Party Opinion.
- Eligibility Criteria for project selection have been clearly defined and detailed by the Issuer, including relevant exclusion criteria, for all Eligible Categories.
- The process applied to identify and manage potentially material ESG risks associated with Eligible Projects is publicly disclosed in this Second Party Opinion. The process is considered robust: it combines monitoring, identification and corrective measures, for a majority of Eligible Projects (see detailed analysis on pages 18-20).

Process for Project Evaluation and Selection

- For the purpose of the Green Bonds/Loans, a Sustainability Committee (the "Sustainability Committee" or the "Committee") has been created. This Sustainability Committee is composed of seven members of senior management representing each key function including:
 - Chief Executive Officer (Committee Chair),
 - Head of Sustainable Finance (Deputy Chairperson),
 - Chief Financial Officer,
 - Chief Operating Officer,
 - Chief Human Resources Officer,
 - General Counsel,
 - One of Vena Energy's Country Heads, on a rotational basis.
- The Investment Committee is responsible for pre-approval of the selected projects, based on a series of analysis and feasibility studies including but not limited to the environmental and social impact analysis, financial modeling, and due diligence of the projects. The committee will notably be responsible for assessing the compliance of pre-selected projects with the eligibility criteria.
- Alongside this pre-screening, Vena Energy's Investment Team will support the financing decision based on the Issuer's normal financial and technical criteria (project scale, financial return, risk assessment, etc.), as part of Vena Energy's routine funding process.
- The Sustainability Committee will verify the compliance and eligibility of the projects with the Framework, and classify them into Eligible Projects. The Sustainability Committee or its appointed sub-committee will also oversee the projects financed by Green Bonds/Loans proceeds to ensure its compliance with the "Use of Proceeds" provision. The Committee or its appointed sub-committee is responsible for overseeing the reporting.
- The traceability and verification of the selection and evaluation of the projects is ensured throughout the process, including the procedures in case a project is no longer eligible:
 - The Issuer reports that it will monitor the compliance of selected and financed projects with the eligibility criteria specified in the Framework throughout the life of the instrument and has provided details on the procedure adopted in case of non-compliance.
 - The Issuer reports that it will monitor potential ESG controversies associated with financed projects throughout the life of the instrument and has provided details on the procedure in case a controversy is found. The Issuer confirms that Environmental and Social risk management of projects is guided by local regulations and IFC's Performance Standards. The country heads are in charge of monitoring the performance of their projects throughout and any incidents must be reported to head office immediately. In case a controversy is found, investigation and corrective or remedial actions will be taken.
 - The Issuer reports that decisions taken concerning the evaluation and selection of projects will be documented in internal meeting minutes.

Eligibility Criteria

The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental objectives defined for the Eligible Categories.

- The selection criteria is based on the definitions in the Eligible Categories defined Table 1 in the Use of Proceeds section.
- The Issuer is committed to exclude the following activities as per its ESG policy:
 - Project or activity involving forced labour or child labour
 - Project involving or producing or trading in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
 - Project involving any business relating to pornography or prostitution
 - Project trading in wildlife or wildlife products regulated under CITES
 - Project involving the production or use or trade in hazardous materials such as radioactive materials, unbounded asbestos fibres and products containing PCBs
 - Project having cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations
 - Project using drift net fishing in the marine environment using nets in excess of 2.5 km in length
 - Project producing, using or trading in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans
 - Project involving destruction of Critical Habitat
 - Project producing and distributing any racist, anti-democratic and/or neo-Nazi media
 - Project producing or trading in weapons and ammunition, tobacco or hard liquor
 - Project or activity that is GHG-intensive

BEST PRACTICES

- ⇒ Eligibility and exclusion criteria for Project/Asset selection are clearly defined and detailed for all of the Eligible Categories.
- ⇒ The Issuer reports that it will monitor compliance of selected and financed Projects/Assets with eligibility criteria specified in the Framework throughout the life of the instrument and has provided details on the procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the financed Projects/Assets throughout the life of the instrument and has provided details on the procedure in case a controversy is found.

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- Net proceeds of the Bond/Loan will be placed in a segregated account.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Bond/Loan is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Projects.
- The Issuer has provided information on the procedure that will be applied in case of project divestment and has committed to reallocate divested proceeds to projects that comply with the Framework.

Management Process

- The net proceeds of the Bonds/Loans will be credited to a dedicated Green Finance Account and earmarked for allocation until full allocation.
- The balance of unallocated proceeds will be earmarked and held in the form of temporary sustainable cash or cash equivalent investment instruments in line with Vena Energy treasury management with explicit exclusion criteria.
- Until the full allocation of the proceeds to Eligible Green Projects, Vena Energy intends to maintain an aggregate amount of assets in the Green Finance Account and allocated Green Projects that is at least equal to the aggregate net proceeds of all outstanding Vena Energy Green Bonds/Loans.
- In case of projects divestment, the Issuer intends to maintain the balance between the Eligible Project base and outstanding amount of net Bond/Loans, through new green investments or through the reduction of the net Bond/Loan respectively (e.g. via cash retention for future green investments).

BEST PRACTICES

- ⇒ The allocation period is 24 months or less.
- ⇒ The Issuer has committed not to invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to either reallocate divested proceeds to projects that are compliant with the Bond Framework or through the reduction of the net Bond/Loan respectively.

Reporting



- The Issuer has committed to report on the Use of Proceeds on an annual basis, until full allocation and on a timely basis in case of material developments. The report will be disclosed only to investors/lenders.
- The Issuer has committed to include in the reports relevant information related to the allocation of Bond/Loan proceeds and the expected sustainable benefits of the Eligible Categories.
- The reporting methodology and assumptions used to report on environmental benefits of the Eligible Categories will be disclosed only to investors/lenders.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until full allocation and in case of material changes. An external auditor will verify the reporting on the environmental benefits of Eligible Categories until full allocation and in case of material changes.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds cover all relevant information.

REPORTING INDICATORS
⇒ Any unallocated proceeds
⇒ Allocated amount per Eligible Green category vs. total amount of allocated proceeds (%)
⇒ Geographic split per country
⇒ Weighted average age of the project being financed or refinanced by the Green Bond/Loan issuance with information related to the phase (construction vs operation)
⇒ Total project size (MW) per asset category
⇒ Total annual operating hours
⇒ Example of projects financed by the proceeds, including their description (date, location, category, progress)

- Environmental benefits: The indicators selected by the Issuer to report on the environmental benefits are clear, relevant and exhaustive.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Renewable Energy	<ul style="list-style-type: none"> - Installed capacity in MW - Annual renewable energy production in MWh 	<ul style="list-style-type: none"> - Annual GHG emissions avoided in tons of CO₂ equivalent - Number of Households powered
Energy Efficiency	<ul style="list-style-type: none"> - Annual volume of energy stored in MWh - Installed Capacity for Energy Storage / FCAS (Frequency Control Ancillary Service) 	
Fuel Production	<ul style="list-style-type: none"> - Installed capacity in MW - Annual hydrogen fuel production in metric tons 	Annual GHG emissions avoided in tons of CO ₂ equivalent

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Circular Economy Technologies & Process	<ul style="list-style-type: none"> - Amount of materials recycled such as silicon, glass, aluminum and precious metals, measured by weight (at project decommissioning in particular) - Take back systems of large key equipment which are off-spec, damaged or discarded, measured by weight (e.g. wind turbine blades and towers) - Minimization or phase out of hazardous materials, measured in % reduction compared to existing equipment e.g. lead use in solar panels 	

BEST PRACTICES
<ul style="list-style-type: none"> ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Categories. ⇒ Environmental benefits and impacts will be externally verified, until full allocation and in case of material changes.

CONTRIBUTION TO SUSTAINABILITY

Expected Impacts

The potential positive Impact of the eligible projects on environmental objectives is considered to be advanced.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Renewable Energy	ADVANCED	<p>According to the International Energy Agency (IEA), coal and other fossil fuels still dominate the generation mix across the Asia Pacific region.¹² Among the countries where Vena Energy has operational presence, India generated 70% of electricity by coal-fired power plants in 2020, and around 64% of Japan's electricity came from coal and gas (32% from coal and 32% from gas). Similarly, a majority of South Korea's electricity generation relied on coal (38%) and gas (27%) in 2020. In Australia, coal also contributed to about 56% of the country's total electricity generation¹³. Many countries in the Asia Pacific region have committed to ambitious climate goals, including Australia¹⁴, Japan¹⁵, South Korea¹⁶, and most recently Singapore¹⁷. However, major challenges remain for these nations to increase share of renewable energy in total primary energy supply.¹⁸ Given the regional context, the projects under this category are relevant for the region's decarbonisation and climate change mitigation efforts.</p> <p>This category includes the following technologies: solar photovoltaic, concentrated solar power, wind turbines, marine energy including offshore wind and solar farms, and hydropower. The eligibility criteria meet the substantial contribution to climate change mitigation criteria defined in the EU Climate Delegated Act for the respective technology, which are currently considered as the most stringent international standards.</p>
Energy Efficiency	ADVANCED	<p>Energy storage is seen as a critical component of a decarbonised electricity system and requires rapid scaling up.¹⁹ The investments in energy storage are expected to support the increased penetration of intermittent renewable energies and providing system flexibility and reliability. According to the IEA, although battery storage capacity saw significant growth, an even faster growth rate is needed to align with the IEA's net zero by 2050 scenario, which would see nearly 600 GW of battery storage capacity installed by 2030.²⁰</p> <p>The Issuer plans to finance: (1) utility-scale battery energy storage, (2) pumped hydro energy storage, (3) flywheel energy storage, and (4) compressed air storage as well as dedicated transmission and distribution infrastructure. The eligibility criteria meet the substantial contribution to climate change mitigation criteria defined in the EU Climate Delegated Act for Storage of electricity. The Issuer has communicated their intention to build the financed energy storage projects under this category as hybrid projects with renewable projects. For pumped hydro storage projects, the Issuer has committed that the projects will support intermittent renewable energy or at least will not be used to store electricity that has higher carbon intensity than the one it will replace when discharged. However, there is a possibility that the energy storage projects could be used as standalone projects that will be used to store grid electricity.</p>

¹² https://iea.blob.core.windows.net/assets/a695ae98-cec1-43ce-9cab-c37bb0143a05/Electricity_Market_Report_December_2020.pdf

¹³ Ibid.

¹⁴ <https://www.minister.industry.gov.au/ministers/taylor/media-releases/australias-plan-reach-our-net-zero-target-2050>

¹⁵ https://japan.kantei.go.jp/99_suga/statement/202010_00006.html

¹⁶ <https://www.iisd.org/sustainable-recovery/news/south-korea-commits-to-reaching-net-zero-by-2050/>

¹⁷ <https://www.nccs.gov.sg/media/press-releases/singapore-commits-to-achieve-net-zero/>

¹⁸ <https://dashboards.sdgindex.org/profiles>

¹⁹ <https://www.iea.org/reports/energy-storage>

²⁰ Ibid.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Circular Economy Technologies and Process	ROBUST	<p>The waste from renewable energy technologies, such as solar, wind and batteries, have to be treated sustainably to mitigate potential negative environmental impacts. According to the European Environment Agency (EEA), waste from end-of-life clean energy infrastructure is projected to grow up to 30-fold over the next ten years and circular economy approaches could provide a solution to this challenge.²¹ The key features of a circular clean energy system proposed by EEA include (1) materials, (2) ecodesign, which covers minimising hazardous substances, (3) production and distribution, (4) consumption and stock, which requires repair and upgrade to extend service-life as well as remanufacture and reuse of equipment, and lastly (5) waste and recycle, including recycling for secondary materials. This highlights the relevance for investments in circular economy technologies and process in the renewable energy sector.</p> <p>The projects financed under this category will focus on recycling, refurbishing, reuse and redistribution of materials and components to prevent loss of material resources, as well as investing in technologies and processes to prolong the service life of the renewable energy infrastructure, and are considered to be generally relevant to the projects' intended objective. Although no specific thresholds or technology options are specified, the eligibility criteria includes waste prevention, which is at the top of the EU's waste hierarchy,²² and re-use and recycling.</p>
Fuel Production	ADVANCED	<p>Clean hydrogen has long been considered as "swiss army knife of decarbonisation" due to its versatility, and its promising potential to offer decarbonisation solutions to various hard-to-abate sectors, such as long-haul transport, chemicals, and iron and steel production²³. In the Net Zero Emissions scenario, hydrogen and hydrogen-based fuels will contribute to up to 60 Gt CO₂ emissions avoidance in 2021-2050, representing 6% of total cumulative emissions reductions.²⁴ However, hydrogen is currently almost entirely supplied from fossil fuels, with hydrogen production making up 6% of global natural gas usage and 2% of global coal usage, resulting in an annual 830 million tonnes of CO₂ emissions. Given this backdrop, there is an urgency to invest in clean hydrogen to cut the emissions related to hydrogen production as well as to help meet global energy demands.</p> <p>For the production of hydrogen, only water electrolysis is being considered. The Issuer confirms that hydrogen projects will each undergo an environmental impact assessment in which the risks associated with freshwater availability will be considered and mitigated. An area for improvement would be to commit not to develop hydrogen production projects in areas with water stress. The Issuer commits to producing hydrogen with a lifecycle GHG emissions of less than 3tCO₂e/tH₂. The eligibility criteria meet the substantial contribution to climate change mitigation criteria defined in the EU Climate Delegated Act, which are currently considered as the most stringent international standards.</p>
OVERALL ASSESSMENT	ADVANCED	

²¹ <https://www.eea.europa.eu/publications/emerging-waste-streams-opportunities-and>

²² https://ec.europa.eu/environment/green-growth/waste-prevention-and-management/index_en.htm

²³ https://iea.blob.core.windows.net/assets/9e3a3493-b9a6-4b7d-b499-7ca48e357561/The_Future_of_Hydrogen.pdf

²⁴ <https://www.iea.org/fuels-and-technologies/hydrogen>

ESG Risks Identification and Management Systems in Place at Project Level

The identification and management of the environmental, social, and governance risks associated with the Eligible Projects are considered robust.

Environmental Impact Assessment

The Issuer implements Environmental and Social Impact Assessment (ESIA) depending on the types of projects: when a project is considered as "sensitive", meaning that it leads to the loss of a major natural habitat or cultural heritage site, involves resettlement or large retrenchment or significantly affects indigenous groups or sensitive communities, comprehensive mitigation measures will be necessary to allow for such a project to be supported. An ESIA is conducted by a third party in this case. The Issuer has implemented an Environmental and Social Impact Assessment Development Standard to define the minimum standard and expectation for third parties that develop environmental impact assessments on behalf of the Issuer.

Environmental Management System and Eco-design

The issuer has established an internal procedure on Environmental Management Plans (EMP). The EMP aims to identify environmental risks, monitor assets' environmental performance and their progress towards relevant action plans on an ongoing basis, as well as to prepare mitigation measures. The issuer has specified roles and responsibilities regarding the implementation of the EMP, stakeholders are also involved as part of environmental risk management. Key adverse environmental mitigation measures applied by the Issuers include site access and egress, air quality, noise and vibration, erosion and sediment, vegetation and wildlife, wastes.

In terms of managing life-cycle impacts, as per the Environmental Management Plan, the Country Head is responsible to ensure that the risk management processes are followed during the life cycle of projects and operations, in accordance with the Risk Management Procedure. For renewable energy projects, the Issuer reported that it implements "Designing for Sustainability" guidelines for all land based solar and wind farms to optimise costs throughout the entire life cycle of a project and its operation. The Issuer has also defined abandonment plans that include dismantling, waste management, land restoration, environmental monitoring and remediation, and seeks to extend the lifespan of wind farms beyond 25 years through the replacement of components. For energy storage projects, the Issuer stated that it would only select suppliers that have made public commitments to comply with global sustainability codes, including the Responsible Cobalt Initiative, OECD Due Diligence Guidance for Responsible Supply Chains, and IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components (IECEE). An area for improvement is to develop project-level end-of-life plans for project categories other than wind and solar projects.

GHG Emissions Reduction and Climate Change Adaptation

The Issuer's Environmental and Social Impacts Assessment Development Standard states the need to assess, at the project level, the proposed project's vulnerabilities to climate change (e.g. changing patterns of rainfall, hydrology, temperature and extreme weather events), and include possible preferred and alternative adaptation strategies based on climate change projections for the region to minimise the climate change impacts.

Moreover, the Issuer stated that GHG emissions during construction phases are reduced by ensuring that equipment is subject to constant maintenance. At the operation phase, measures to promote waste management are implemented, and include the recycling of office materials, composting of food scraps where feasible, and awareness raising on energy consumption for employees. According to the Issuer's internal guideline "Designing for Sustainability", it is required that "activities, services and processes across operations that generate greenhouse gas emissions must employ best practice to minimise emissions and waste production and as such improve efficiency and profitability". Concerning fugitive GHG emissions (e.g. SF6) from transmission and distribution infrastructure, the Issuer confirmed that only high-quality electrical components will be procured, and strict monitoring of the structural integrity of these components and regular preventive maintenance activities will be implemented. An area for improvement would be to formalise these specific commitments in internal policies/guidelines.

Pollution Prevention and Control

The Issuer has established procedures to mitigate potential environmental risks regarding air pollution, wastewater discharge and disposal of hazardous wastes as part of its Environmental Management Plan and Waste Management Plan. The Issuer's Health, Safety and Environment (HSE) Manual requires that all project and assets shall identify stream relevant to their project or asset, as well as implement processes for the management of pollution during site development, construction and operate and maintain.

The Issuer has taken into consideration potential inconveniences such as dust, noise and vibration. For example, all projects and assets are required to identify activities that can produce dust and implement dust control processes, an analysis of wind

turbine noise will be considered during the wind farm planning stage and noise monitoring will be conducted and communicated to stakeholders. The noise management will also be part of the site environmental management plan.

In terms of waste management, as per the Waste Management Plan, the Issuer's approach is "to develop a construction waste management that focusses on resource recovery, reducing, reusing and recycling". The Issuer has confirmed the implementation of a waste management system to ensure segregation of waste streams and management of wastes in accordance with the waste management hierarchy. Concerning batteries in energy storage projects, The Issuer expressed that it will take responsibility for recycling of batteries at the end of their useful life and evaluating the most cost-effective recycling options in each jurisdiction in which it operates. An area for improvement would be to formalise measures regarding the end-of-life and the recycling of batteries either in an existing or a dedicated policy.

Protection of Biodiversity

According to the Issuer's Environmental and Social Impacts Assessment Development Standard, the EIA undertaken for the project screens relevant environmental risks including biodiversity. The projects should be operated in a way that protects the environmental values of land including soils, subsoils, landforms and associated flora and fauna. The EIA is also required to propose rehabilitation success criteria in relation to natural values that would be used to measure the progressive rehabilitation of disturbed areas.

The Issuer's Environmental Management Plan and HSE Manual also document specific requirements for vegetation, wildlife and aquatics protection.

Labour and Human Rights

The Issuer has stated in its Corporate Social Responsibility (CSR) Policy its commitment to respect fundamental human rights and the dignity of people by actively promoting equal opportunity, equality and diversity irrespective of race, ethnic or national origins, gender, sexuality, disability, marital status and religious beliefs. It also commits in its Environmental Social and Governance (ESG) Policy (August 2022) to work towards full compliance with the International Labour Organization ("ILO") Core Conventions and ILO Basic Terms and Conditions of Work and with the United Nations ("UN") Universal Declaration of Human Rights. The ESG Policy explicitly prohibits any direct or indirect involvement in any production or activities involving harmful or exploitative forms of forced labour/harmful child labour.

Health and Safety of Workers

The Issuer has implemented a risk-based approach to identify HSE process and compliance obligations based on international standards, OSHA requirements and best practices. The HSE Manual detailed HSE elements, including leadership structure, risk management process, training requirements and management plans. The Issuer has implemented several preventive measures to secure the health and safety of workers, for example, appropriate HSE training for workers is required and monitored, and HSE risk analysis has been conducted within the life-cycle of the asset. In addition, the Issuer undertakes health surveillance of its workforce for potential work-related illness or disease. An emergency planning and response processes have been put in place to mitigate potential damages.

The Issuer also manages the HSE issues of its contractors by establishing a framework outlining the contractor HSE management expectations. HSE risks associated with contractor activities should be identified, assessed, communicated and managed throughout the procurement process and the duration of the contract. In the case of violation of safety rules from contractors, the Issuer will take disciplinary action.

Community Involvement

The Issuer has developed Stakeholder Engagement Protocols, supported by company policies and procedures. According to its CSR Policy, Vena Energy seeks to involve relevant stakeholders via many forms, including informal dialogues, focus groups, surveys conducted by qualified NGOs, and consultation with local representatives and strategic partnerships. As part of its Environmental Management Plan, stakeholder analysis is conducted to identify all key stakeholders followed by stakeholder communication and consultation to enhance the integration of environmental risk management practices within the community. The Country Head is responsible for ensuring a stakeholder analysis is completed for all projects and operations and the Country HSE Manager is responsible for ensuring all relevant stakeholders are identified and engaged within the environmental risk management process. The Issuer confirmed that the grievance reporting mechanisms are provided through a centralised channel. Timeframes are provided for the evaluation and response or resolution of the issues. Corrective actions, if necessary, are undertaken by the concerned department or team within the company. The Issuer stated that more than 90% of employees are locally hired in areas where projects are developed. Moreover, several infrastructure projects have been developed for communities near areas where projects have been built. In particular, the Issuer has built medical and educational centres, provided ambulances for hospitals and built water wells in areas surrounding some of its projects.

Integration of Environmental and Social Factors in the Supply Chain

The Issuer has developed a Supplier Code of Conduct²⁵ to integrate environmental and social considerations into its supply chain. The suppliers are expected to respect ethical business conduct, protect the environment, respect human rights and serve communities, as well as to ensure a healthy, safe and secure work environment for their workers.

The Procurement Policy explicitly states that the Issuer is committed to building environmental and social considerations into all aspects of the procurement process and the procurement should consider value for money, including cost and quality across the lifecycle of a project, not just the initial purchase cost. The Procurement Policy also requires all of Vena Energy staff to be familiar with its environmental, social and sustainability strategy as the basis for procurement decisions including procurement of components.

Business Ethics

The Issuer has formalised an Anti-corruption Policy within its Code of Conduct²⁶, which defines expected behaviours from the employees and any third parties working on Issuer's behalf. The Issuer or any third parties working on its behalf are strictly prohibited from offering, promising, providing, authorising or accepting anything of value in order to gain an improper business advantage. The Code of Conduct also prescribes proper behaviours regarding anti-money laundering, insider trading, and conflicts of interest. Moreover, the whistleblowing policy is included in the Code of Conduct and applies to internal and external improprieties and malpractices including those at the project level.

²⁵ <https://www.venaenergy.com/nwp/wp-content/uploads/2022/06/Supplier-Code-of-Conduct.pdf>

²⁶ https://www.venaenergy.com/nwp/wp-content/uploads/2022/06/Vena-Energy-Code-of-Conduct-2021_220613_095218.pdf

ISSUER

Management of ESG Controversies

As of today, the review conducted by Moody's ESG Solutions did not reveal any ESG controversy against Vena Energy over the last four years.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of Concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High-interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Moody's ESG Solutions.

METHODOLOGY

In our view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, we provide an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by Moody's ESG Solutions according to the ICMA's Green Bond Principles - June 2021 ("GBP") (with June 2022 Appendix 1) and/or the LMA/APLMA/LSTA's Green Loan Principles - February 2021 ("GLP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. Moody's ESG Solutions evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by Moody's ESG Solutions on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by Moody's ESG Solutions on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by Moody's ESG Solutions on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

Our assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental/social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental/social objectives

The expected positive impact of activities on environmental/social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental/social objective for the sector of the activity;
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the Issuer, its value chain, local and global stakeholders);
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental/social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) for environmental objectives only: the extent to which the activity is adopting the best available option.

ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of Moody's ESG Solutions' ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of Stakeholder Related ESG Controversies

Moody's ESG Solutions defines a controversy as public information or contradictory opinions from reliable sources that incriminate or make allegations against an Issuer regarding how it handles ESG issues as defined in Moody's ESG Solutions' ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

We reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

We provide an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, our controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in Controversial Activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

OUR ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of ESG risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of ESG risk management or an advanced expected impact combined with a limited level of assurance of ESG risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of ESG risk management; or a robust expected impact combined with a limited to weak level of assurance of ESG risk management; or an advance expected impact combined with a weak level of assurance of ESG risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of ESG risk management or a limited expected impact with a weak level of assurance of ESG risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles.

STATEMENT ON MOODY'S ESG SOLUTIONS' INDEPENDENCE AND CONFLICT-OF-INTEREST POLICY

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This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond(s)/Loan(s), based on the information which has been made available to MOODY'S ESG. MOODY'S ESG has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other tests to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer/Borrower. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by MOODY'S ESG neither focuses on the financial performance of the Bond(s)/Loan(s), nor on the effective allocation of its proceeds. MOODY'S ESG is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of MOODY'S ESG. MOODY'S ESG grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned issuance. The Issuer acknowledges and agrees that MOODY'S ESG reserves the right to publish the final version of the Second Party Opinion on MOODY'S ESG's website and on MOODY'S ESG's internal and external communication supporting documents.

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