

CS WIND PT



Green & Sustainability Financing Framework

June 2023

CS WIND Portugal, S.A

Change & Challenge

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1.1. About the Company – CS Wind Corporation

CS Wind, headquartered in Korea, established its first production facility in Vietnam, 2003, and over the past decades, has provided more than 13,000 towers for major global projects and is now No 1 company in the wind tower market, supplying wind towers to major customers in the industry such as Vestas, Siemens-Gamesa, GE, Goldwind, etc. CS Wind has a string technology driven policy in the field of wind tower manufacturing and has a world-leading production system, quality control system and welding technology.

CS Wind has also expanded its business into manufacturing turbine bearing (CS BEARING) and developing & operating renewable energy, that is propelling its business growth through expanding customers its operating zone (CS ENERGY).

CS Wind Group is currently present in America, China, Malaysia, Taiwan, Turkey, Portugal, and Vietnam. It owns 7 manufacturing facilities operating globally, including CS Wind Portugal, which, as a clear objective for CS Wind, is set to be the No. 1 tower manufacturer in Europe by 2024. In 2021, with a total installed capacity of 8,361 MW, CS Wind accounted for 9% of the worlds' wind power market. In 2024, CS Wind will account for 20% of Europe's wind power market.



1.1. About the Company – CS Wind Portugal

CS Wind Portugal is operating two plants located in Portugal in order to respond to the demand of the European onshore and offshore markets. One of the plants is dedicated to the production of onshore wind towers, in Sever do Vouga, and another dedicated to the manufacturing of offshore wind towers, in Gafanha da Nazaré (Aveiro). The location near Aveiro port is key to serving the EU and North American markets and will play a significant role in achieving the long-term goals of CS Wind. Currently, CS Wind's Portuguese business is equally divided between onshore and offshore towers, with a production capacity of 40.000 Tons for each. After expansion, offshore production will represent 70% of total production.

In 2021, following the IPO of ASMI Industries, S.A., in which it became 60% owned by CS Wind Corporation, the holding company of the multinational CS Wind Group, a corporate restructuring took place within the Group (then ASM Industries), as a result of which the holding company now holds 100% of the capital of A. Silva Matos, Energia, S.A., which until then held 94.4%; 100% of the capital of ASMI II Offshore Industries, S.A., which until then held 85.1% and disposed of non-core shareholdings. In February 2022, CS Wind Corporation acquired the remaining 40% of the ASM Industries Group. Since then, a process of total integration of the ASM Industries Group into the CS Wind Group has begun, which also involved the alteration of the branding and trademarks of the Companies. In August 2022 a merge project occurred involving these companies from the former ASM Industries Group that resulted in a sole company, CS Wind Portugal, S.A.



1.2. Sustainability strategy

Sustainability comes naturally to CS Wind because it is embedded in the core business and everyday activities of the company. In the name of the company, "CS", the acronym of ChoongSan (重山), means the "heavy mountain" that never collapses no matter how hard the wind blows. In the midst of unprecedented social, environmental and economic challenges, CS WIND aims to grow into a solid company that will not collapse under any circumstances and contributes to humanity and society. Through its guiding principles, CS Wind strives to accomplish its mission to create new values for human beings and nature:



Innovation

Making significant and creative changes to improve CSW PT's products, services, programs, processes, operations, and business model with the aim of creating new value for stakeholders.



Speed

Based on the recognition of stakeholder's needs, CSW PT actively seeks the needs of clients, finding the best alternative through fast and accurate business processes



Globalization

Developing a global mindset that can be adapted immediately to changing business environments in and outside the company to achieve the company's vision as a "Global Leader in Energy Solutions".



Passion

CSW PT constantly strives to achieve higher performance with passion and ownership. Improve job satisfaction through the achievement of organizational goals

1.2. Sustainability strategy

Sustainability at CS Wind goes by the motto "human progress that coexists with nature", as we make every effort to pass on a cleaner environment to the next generation, playing an important role in the development of green energy around the world. This entails promptly creating meaningful changes through its activity, from all around the world, to all around the world, reducing or eliminating negative environmental impacts, as well as maximizing the value that our business and products provide for our stakeholders, always with passion, striving to achieve our goals, and a Global mindset, which allow us to be ready and responsive to a constantly changing business, never neglecting our corporate social responsibility, and always conducting ourselves in a transparent manner.

The Group's Sustainability Strategy, also adopted locally by CS Wind Portugal, considers 8 major strategic priorities in Environmental, Social and Governance areas, to improve performance and competitiveness in overall aspects of management and contribute to the environment and society, making efforts to create a sustainable community.



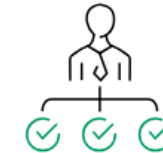
Environmental

- 2030 RE100
- Energy reduction and efficiency improvement
- Greenhouse gas emissions management



Social

- Safe working environment
- Respect for human rights
- Quality-based customer value creation
- Sustainable and stable supply chain



Governance

- Transparent corporate governance structure

1.2. Sustainability strategy

This strategy is complemented by a set of policies and operating procedures that ensure the integration of good management practices in the different activities developed by CS Wind Portugal:

Policies	Description
Safety Health Management Policy	The company guarantees the health and safety of every employee, customer, partner company and other parties and prevents safety accidents and diseases.
Environmental Policy	The company commits to reduce the amount of energy, waste, and raw material consumption, in order to prevent global warming and protect the environment.
Quality Policy	Commitment to strive for total customer satisfaction by continuous improvement for the Quality and the Processes of the business activities to deliver high quality of products and premium value products on time, with three main objectives: Continuous improvement; Effective Process; and Productivity (with no harm to People & Environment).
Code of Conduct	<p>The Code of Ethics and Conduct contains the values and rules of conduct of CW WIND, aimed not only at internal regulation behavior but also external relations with third parties who interact with the organization.</p> <p>The Code intends for all those who collaborate with the Group and share the values that form the basis of CS WIND’s performance: Innovation, Speed, Globalization and Passion.</p> <p>It includes the following topics:</p> <ul style="list-style-type: none"> ▪ Sustainable Development and Environmental Management ▪ Fair Competition ▪ Health and Safety at The Workplace ▪ Protection And Use of Assets and Resources ▪ Compliance ▪ Loyalty ▪ Basic Ethic ▪ Professional Secrecy & Confidentiality ▪ Conflict of interests ▪ Prohibition Of Corruption and Money Laundering ▪ Severity of Matters Related to Revenue ▪ Stakeholder Relations ▪ Human Rights ▪ Interpersonal Relations ▪ Equal Treatment ▪ Data Protection
Supplier Code of Conduct	The Supplier Code of Conduct incorporates the same standards of ethical conduct and integrity as the CS WIND internal Code of Business Conduct but applies them specifically to the company’s suppliers.
Code of Ethics for NDT Personnel Certified By CS Wind Portugal S.A	This Code states the rules of professional conduct which shall be binding upon every person issued a certificate of non-destructive testing by CS Wind Portugal S.A as an NDT CS Wind Portugal Level I, II & III, in order to safeguard the life, health, property and welfare of the public, to maintain integrity and high standards of skills and practices in the profession of Quality Controller.

1.2. Sustainability strategy

Additionally, CS Wind Portugal complies with health, safety and environment related legal duties according to the laws, regulations and other interested parties' requests and CS Wind Portugal has implemented ESG management systems, being certified according to **ISO 14001:2015**, which contributes for an effective management of the environmental impacts, aiming environmental protection, pollution prevention, legal compliance, and socio-economic needs; and **ISO 9001:2015**, in the area of quality.

With over 3,000 employees globally, working conditions and employee satisfaction is a top priority for the group. CS Wind operates a training center to increase productivity and promote knowledge sharing through intensive worker training and mentor-mentee programs. Employee-focused initiatives such as these allow for CS Wind's turnover rate to be as low as 1%. The group also promotes several social responsibility activities, such as projects supporting the disabled and multicultural families, and donating to Vietnam's flooding victims. CS Wind recently also donated about USD 100,000 (about KRW 130 million) to help the earthquake-hit Turkey recover quickly and rescue the victims.

Carbon Emissions is one of the key priorities considered, having CS Wind committed to RE100 by 2030. Even though it hasn't formally joined the RE100, CS Wind has declared its alignment with this initiative's goal and has committed to achieve 100% renewable electricity, reducing CO2 emissions from electricity by 100% by 2030.

CS Wind is focused in minimizing the impact of wind towers production and on providing its clients with information on environmental impact of their products, using an LCA approach to measure the environmental impact from wind towers in a life cycle perspective. The LCA results were submitted to the Korea Testing & Research Institute (KTR) that developed a limited assurance engagement and concluded that the environmental impact is calculated in a conservative and appropriate manner without any material misstatements. Additionally, KTR confirmed that CS Wind complies with the requirements of ISO 14040:2006 and ISO 14067:2018.

In addition, since 2022 CS Wind Portugal has been voluntarily measuring the greenhouse gas emissions from its activities, which are submitted to a third-party verification. The carbon footprint considers emissions associated with different activities, including energy consumption, which have been decreasing as a result of the use of renewable energy, namely solar energy generated on site. In the future, CS Wind aims to continue to increase the use of renewable energy on production sites.

CS Wind is also committed to the goal of sustainable development and the UN Sustainable Development Goals (UN SDGs), that form the basis of our sustainability ambitions. Its operations and investments under this Framework directly impact the following **SDG**:



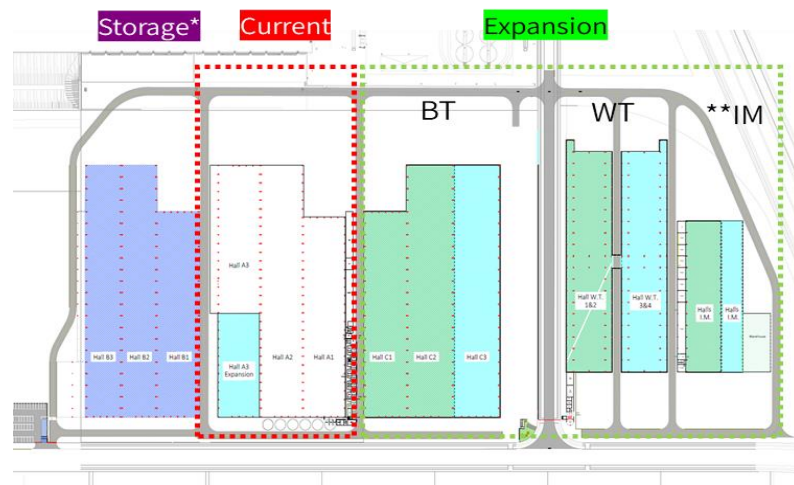
Every year, CS Wind is evaluated by the Korea Institute of Corporate Governance and Sustainability (KCGS) in an ESG rating that measures the level of sustainable management by the companies that are listed in Korea.

1.3. CS Wind Portugal Expansion Project

Considering EU's carbon targets, it will be necessary to install 70GW of offshore wind power by 2030, and 300GW by 2050. In 2020, offshore wind power turbines had, on average, a power of 8GW, with this value being expected to increase to 15GW in the subsequent years. The market will need 600 turbines installed, annually, in Europe alone (the corresponding value in the USA is around 100 turbines, per year, in the East Coast alone). Hence, there is a clear need to create favorable conditions to cope with, which represents an opportunity for CS Wind, in particular in Europe, where there is a limited number of companies who can produce offshore towers.

In this context, an ambitious expansion plan was defined for CS Wind Portugal, consisting of the construction of new and improved facilities. This plan also includes the acquisition of the most developed equipment available in the market, which shall enable high levels of automation and robotization of the productive process, leveraging the current production lines efficiency.

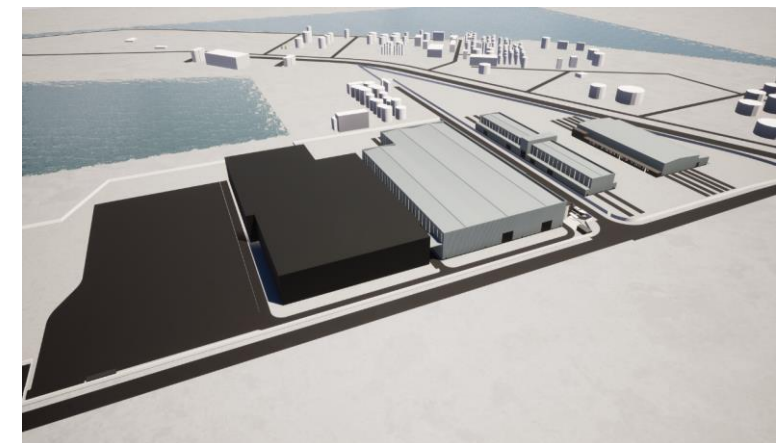
This project holds additional relevance since CS Wind Portugal is the first company who made a long-term supply agreement with Siemens Gamesa Renewable Energy (SGRE), a leader OEM in offshore wind who has more than 50% of worldwide market share and selected CS Wind Portugal for the supply of new types of offshore towers. until 2030, in a total of 1.5B euro of sales. With these new Wind Towers, CS Wind Portugal is preparing to offer a new generation of wind turbines, with increased production capacity.



As was (Oct 2022)



After expansion (Dec 2023)



1.3. CS Wind Portugal Expansion Project

Project	Expansion Plan
Objective	To increase production capacity in the manufacturing units in Porto de Aveiro (Offshore unit).
Description	<p>The plan, which is schedule to be concluded in March 2024, involves a total area of 220.000m2 (after the expansion in complete) and includes the construction of new buildings:</p> <ul style="list-style-type: none">▪ Production facilities (Black Tower, White Tower, and Internal Mounting) – 45.000m2▪ Storage: 108.000m2▪ Offices area: 3.500m2▪ Parking and external areas▪ Several equipment to be able to produce wind towers such as Lines canning line, cutting machines, bending machines, Linear winding machine (LW), coil winding machines (CW).▪ For the onshore and offshore assembly, with the main set up requiring lines and warehouse for Power Conversion Modules assembly.▪ Storage equipment such as Reach Stackers, Self-Propelled Modular Transporter (SPMT) axles and others
Investment	> 100M€ in the Offshore unit in Porto de Aveiro
Results	<ul style="list-style-type: none">▪ Increase production capacity from current (2022) 80.000 Ton (40.000 Ton onshore and 40.000 Ton offshore) to 176.000 Ton (40.000 Ton onshore and 136.000 Ton offshore), after the expansion in complete (2025).▪ Reach 400 million euros in sales in 2025, representing around 5,4 times the 74 million euros achieved in 2022.▪ Surpassing the barrier of 1.000 employees. <p>Environmental benefits:</p> <ul style="list-style-type: none">▪ By increasing the production capacity of wind towers, CS Wind is promoting the production and use of renewable energies, contributing to lowering the dependency of other companies on polluting energy sources.▪ The new facilities will be built to be energy efficient and improve the overall energy efficiency of CS Wind.

This project will also bring benefits for the SMEs in upstream supply-chain, generation new jobs, assuring a high level of national incorporation, as almost all the raw materials (excluding primary steel) and the remaining production costs are of Portuguese origin. Additionally, within the company's workforce, the project will also generate a large number of hirings, expecting to exceed 1,000 workers by 2026.

1.4. CS Wind Climate Change Action Plan

To support the implementation of the carbon targets defined, CS Wind Portugal has developed and is currently analyzing a Climate Change Action Plan, including activities and projects that contribute to the reduction of carbon emissions and adaptation and mitigation of climate change.

Project	Description	Investment (M€)	Results
<p>Solar PV plant (self-consumption)</p>	<p>Objective: Promote use of endogenous energy resources, through the self-consumption of solar PV energy produced on site, in a company that will consume large amounts of electricity.</p> <p>Description</p> <p>The PV plant will be installed on the roof of the new offshore manufacturing unit, with an installed power of approximately 4,461 MW in offshore facilities.</p> <ul style="list-style-type: none"> ▪ The structures are far enough apart to allow easy access to the installation of the park and its operation and maintenance. ▪ Installation in onshore facilities is also under study. ▪ The excess energy resulting from the energy produced but not used by CS Wind PT will be sold to the Portuguese grid. 	<ul style="list-style-type: none"> ▪ 3,1 M€ for the installation of the photovoltaic system in the offshore facilities. ▪ Other future investments, to be defined. 	<p>Electricity production in the offshore facilities:</p> <ul style="list-style-type: none"> ▪ 6.162 MWh/year <p>Savings in energy consumption costs:</p> <ul style="list-style-type: none"> ▪ 2024: 492.467 € ▪ 2025: 504.502 € ▪ 2026: 516.831 € ▪ 2027: 529.461 € ▪ 2028: 542.400 € ▪ 2029: 555.655 € ▪ 2030: 569.234 € <p>Revenue from excess energy sold:</p> <ul style="list-style-type: none"> ▪ 2024: 347.708 € ▪ 2025: 356.205 € ▪ 2026: 364.910 € ▪ 2027: 373.828 € ▪ 2028: 382.964 € ▪ 2029: 392.323 € ▪ 2030: 401.910 € <p>Environmental benefits:</p> <p>By producing its own energy from solar panels, CS Wind PT will increasingly rely on renewable energy and reduce its CO₂ emissions from electricity (by 100% by 2030).</p>

1.4. CS Wind Climate Change Action Plan

Project	Description	Investment (M€)	Results
Emission reduction projects - Scope 1	Replacement of equipment, such as replacement of diesel forklifts by electric forklifts, replacement of fuel cars by electric cars.	<i>To be defined</i>	Environmental benefits: Reduction of consumption of non-renewable energy and reduction of GHG Scope 1 emissions.
Emission reduction projects - Scope 2	Renewable electricity production (introduction of renewable power systems - solar, wind or other).	<i>To be defined</i>	Environmental benefits: Production of electricity on site and reduction of energy consumed from the grid and GHG scope 2 emissions.
Climate Adaptation projects - Reuse of wastewater	<ul style="list-style-type: none"> ▪ Treatment and recovery of industrial wastewater, allowing the reuse of water. <p>The process involves:</p> <ul style="list-style-type: none"> ▪ Creating a washing area (a massif) with drainage (watertight retention basin with drop); ▪ Hydrocarbon separator with decanter and incorporated filter; ▪ Use of a high-pressure washing machine (which saves water used in the process). <p>This process will help CS Wind to comply with all environmental legal requirements for industrial wastewater, in order to protect soil and groundwater lines from possible contaminants, and it will promote the reuse of wastewater in new washing processes.</p>	<i>To be defined</i>	<p>Environmental benefits:</p> <ul style="list-style-type: none"> ▪ Preservation of the renewable natural resource, water, by the reduced consumption expected with the implemented solution. <p>Water consumption will be reduced significantly, by about 50 - 60%.</p>

2. Rationale for setting-up Green & Sustainability-linked Financing Framework

Setting up a Green & Sustainability-linked Financing Framework will play an important role in implementing CS Wind Portugal's Sustainability Strategy and Expansion Project and it will be a crucial element in achieving climate and environmental targets.

This framework is for application by CS Wind Portugal and will allow CS Wind Portugal to issue several green and sustainability-linked financing instruments (green loans, green bonds, sustainability-linked loans and bonds, etc) aimed at financing or refinancing activities within its Expansion Plan and other activities that contribute to climate change mitigation and adaptation.

This Framework will allow the company to issue the following financing instruments, among others:

- Green Bonds: the net proceeds of the Bonds will finance and/ or refinance, in whole or in part, new or existing projects with environmental benefits ("Eligible Green Projects / Investments");
- Green Loans: the net proceeds of the Loans will finance and/ or refinance, in whole or in part, new or existing projects with environmental benefits ("Eligible Green Projects / Investments");
- Sustainability-Linked Loans: the net proceeds of the Loans will be channeled to the company's operations, contingent on the achievement of pre-determined sustainability performance targets.

This Framework constitutes an overall framework allowing the issuance of different Green & Sustainability-linked financing instruments, i.e., use-of-proceeds or KPI-linked instruments, namely bonds, convertible bonds, private placements (e.g.: US PP, Euro PP, Schuldschein), loans, project financings or any other financing instruments in several formats and currencies. CS Wind Portugal can use the use-of-proceeds and sustainability-linked formats in a combined or isolated Approach, depending on each case. The documentation for each individual financing instrument issued by CS Wind Portugal will designate the selected approach.

The focus of the use-of-proceeds element, which will finance Eligible Green Projects, will be on the renewable energy development and business model. The sustainability-linked component will have a broader purpose, targeting the entire sustainability performance and strategy of CS Wind Portugal.

3.1. Sustainability-Linked Financing Component

This Sustainability-Linked Financing element of the Framework has been established for CS Wind Portugal in alignment with the Sustainability-Linked Loan Principles (SSLP), published by the Loan Market Association (LMA) in 2020 and updated in 2023 and with the Sustainability-Linked Bond Principles (SLBP) developed by the International Capital Markets Association (ICMA) in 2020 and updated in 2023. These Principles define five core components:

1. Selection of KPIs
2. Calibration of Sustainability Performance Targets (SPTs)
3. Financial characteristics
4. Reporting
5. Verification

3.1.1. Selection of Key Performance Indicators (KPIs)

In accordance with the SLBP, CS Wind Portugal selected a KPI aligned with its sustainability strategy and that will help stakeholders measure the company's ESG performance, considering the criteria defined at the SLBP, namely, that the KPI shall be:

- Relevant, core and material to CS Wind's core sustainability and overall business strategy and address relevant sector ESG challenges;
- Measurable or quantifiable on a consistent methodological basis;
- Externally verifiable;
- Benchmarkable/comparable.

The selected KPI included for the purpose of this Sustainability-Linked Bond Framework mirrors CS Wind Portugal's key environmental challenges. By concentrating our efforts on reducing our environmental footprint and developing a circular economy for all used materials, ambitious targets (SPTs) can be defined and strategies on achieving those targets can be formulated and executed in accordance with CS Wind Portugal's sustainability strategy. For this Sustainability-Linked Bond Framework, the following KPI was selected:

The selected KPI is:

KPI 1: Renewable energy capacity in MW (offshore)

This KPI was selected because is it relevant and material to CS Wind's business and reflect the sustainability improvements of the Group. This KPI also contributes to the EU environmental objective "Climate Change Mitigation", as well as the United Nations Sustainable Development Goals: 7 "Affordable and Clean Energy", 9 "Clean infrastructure" and 13 "Climate action", through the avoidance of CO2 emissions.

3.1. Sustainability-Linked Financing Component

3.1.1. Selection of Key Performance Indicators (KPIs)


In the table below, a description of these KPIs is presented:

KPI	Definition and calculation methodology	Environmental benefit	Performance
KPI 1: Renewable energy capacity in MW (offshore)	<p>Definition: Renewable energy capacity of offshore towers in MW.</p> <p>Calculation Methodology: Data for tower capacity is calculated based on information from each individual customer, as the energy generated by the tower may depend on other components (e.g.: generator, blades, or others). Overall renewable energy capacity is calculated based on the formula:</p> $Total\ Capacity\ (MW) = \sum (Capacity\ per\ tower \times Number\ of\ towers)$	<p>By producing and selling wind towers, CS Wind is promoting the production and use of renewable energies, contributing to climate transition and lowering the dependency on polluting energy sources.</p>	<p>2020: 92 2021: 129 2022: 230</p> <p><i>Historical data includes values from production capacity of offshore towers produced in Portuguese facilities. Reliable data for onshore is not yet available.</i></p>

3.1. Sustainability-Linked Financing Component

3.1.2. Calibration of Sustainability Performance Targets (SPTs)

The Sustainability Performance Target (SPT) is in line with CS Wind Portugal’s Sustainability Strategy and Expansion Project and reflects material aspects of sustainability performance, in relation to the KPI identified.

SPT	Description	Baseline	Target	Drivers	Contribution to SDG
SPT 1: Renewable energy capacity in MW (offshore)	Renewable energy capacity of offshore towers in MW. Target calculation is based on expected sales (ton), average weight per section of offshore tower, and average MW per section. Renewable installed capacity of offshore towers is equal to or exceeds the relevant renewable installed capacity target in each assessment date.	2022: 230	2023: 587 2024: 1274 2025: 1930 2026: 1954 2027: 1977 2028: 2001 2029: 2024 2030: 2048 (KPI 1)	Expansion Project described in section 1.3	SDG 13 Climate Action 

For the SPT, the observation dates will be annual, related to December of each year. As the expansion plan should be concluded during the first semester of 2024, production will start in that same year, which is reflected in that year’s target. Production rump up will happen in 2025, justifying the target of 1930 MW. Full capacity achieved in 2025 will be kept for the following years until 2030. From 2025 to 2030, a slower increase is expected of MW production, since this increase will result only from the average MW per tower resulting from new technology and depending on what is defined by customers for each project. In the offshore wind towers market, technology used is expected to constantly improve, and energy production capacity of the equipment installed is expected to increase. CS Wind and its top players customers will follow market demand on a pioneering action base.

3.1. Sustainability-Linked Financing Component

3.1.3. Financing characteristics

Financing instruments with sustainability-linked features can vary in their financial or structural characteristics and will be depending on the achievement or not of the pre-defined SPT defined according to the Framework.

CS Wind Portugal's performance on the defined SPTs represents the instrument's trigger events and will be evaluated on defined assessment dates. The characteristics of the instruments as well as the assessment dates will be detailed in dedicated documentation to be made available pre-issuance.

The non-accomplishment of SPT will have a negative impact on the financing conditions. Depending on the performance of CS Wind against the pre-defined SPT, the coupon and/or interest rate can vary, which would take effect for the respective instrument and from the first day of the following interest period after the assessment and up until maturity. Other variation mechanisms and possible impacts on instruments will be detailed on the mentioned pre-issuance documents as well as where needed any fallback mechanisms in case the performance on the SPT cannot be measured with precision.

3.1.4. Reporting

Annually, in any period or date, in the case of a potential variation of the financial and/or structural characteristics, CS Wind Portugal will report on its corporate website, in a specific dedicated section, a sustainability confirmation statement with up-to-date information regarding the performance level of the selected KPI(s). Until the maturity of the financing instrument, CS Wind Portugal will disclose a sustainability confirmation statement that will include:

- Up to date information on the performance of KPI 1, outlining the performance on all KPIs and against the SPT for the relevant year and the related impact, and timing of such impact, on the loan's economic characteristics;
- Qualitative or quantitative explanation of the contribution of the main factors behind the evolution of the performance of the selected KPI.
- An external verification assurance report;
- Any other relevant information enabling investors to monitor the progress of the SPT;
- Any update in CS Wind Portugal's sustainability strategy or any recent announcements, strategic decisions and resources mobilized that may have an impact on the achievement of the SPT

Information will include activity from CS Wind Portugal, in the case of KPI 1, only offshore.

3.1.5. Verification

CS Wind Portugal will appoint an independent external auditor to provide limited assurance on the information included in the annual sustainability confirmation statement.

More information about the Verification can be found in the 3.3 External Review section of this Framework.

3.2. Green Financing Component

This Green Finance component of the Framework was developed for CS Wind Portugal in alignment with the Green Bond Principles (2021 edition), established by the ICMA. This framework is also in compliance with the Green Loan Principles (2023 edition), developed by the LMA. The two sets of principles define the following core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

CS WIND adopts this structure in the present document and follows the ICMA's recommendations including an External Review.

3.2.1. Use of Proceeds

The net proceeds obtained from the green financing according to this framework will be allocated exclusively to the financing or refinancing of eligible environmental projects. "Eligible projects" will be related to the Renewable Energy category and will include mainly offshore wind projects and solar PV projects, corresponding to the investments to be devolved under CS Wind Portugal's Expansion Project and Climate Change Action Plan.

This framework takes into consideration the EU Taxonomy Regulation¹ and the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation² from 2021. These projects will contribute substantially to the UN Sustainable Development Goals 6 (Clean water and sanitation) and 7 (Affordable and Clean Energy).

3.2. Green Financing Component

3.2.1. Use of Proceeds

GBP Category	Sub-category	Environmental Objective	EU Taxonomy activities	SDG	Projects
Renewable Energy	Offshore wind	Climate change mitigation	4.3. Electricity generation from wind power 7.1 Construction of new buildings	SDG 7: Affordable and Clean Energy	Expansion Project (chapter 1.3 of this Framework): - Increase in capacity production of wind towers (offshore). - Building new and energy efficient facilities including: Energy certificate for office building (expected classification A+, corresponding to the most efficient grade of the Portuguese Energy Certification Scheme); Solar protected windows in office building to decrease climate energy necessities; Maximization of the use of natural lighting during daytime (using translucent tiles); Industrial ventilation natural (without any mechanical or electrical intervention) and the increase of Solar PV panels power supply to self-consumption and, during part of the day, sell green energy to the public grid)
	Onshore wind	Climate change mitigation	4.3. Electricity generation from wind power	SDG 7: Affordable and Clean Energy	Expansion project (chapter 1.3 of this Framework): - Increase in capacity production of wind towers (onshore).
	Solar PV	Climate Change mitigation	4.1. Electricity generation using solar photovoltaic technology 7.6 Installation, maintenance and repair of renewable energy technologies	SDG 7: Affordable and Clean Energy	Solar PV plant (self-consumption (chapter 1.4 of this Framework): - Installation of new PV Plant - Production of electricity from solar panels.

3.2. Green Financing Component

3.2.1. Use of Proceeds

GBP Category	Sub-category	Environmental Objective	EU Taxonomy activities	SDG	Projects
Energy Efficiency	Vehicle energy efficiency fleet retrofit Brownfield energy efficiency in industry	Climate Change mitigation	6.4. Operation of personal mobility devices, cycle logistics 6.5 Transport by motorbikes, passenger cars and light commercial vehicles 7.3. Installation, maintenance and repair of energy efficiency equipment 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	SDG 7: Affordable and Clean Energy	Emission reduction projects - Scope 1 (chapter 1.4 of this Framework): - Replacement of fuel cars by electric cars; - Replacement of non-electric equipment by electric equipment; Emission reduction projects - Scope 2 (chapter 1.4 of this Framework):
Waste and wastewater	Waste and wastewater	Sustainable use and protection of water and marine resources	5.3. Construction, extension and operation of wastewater collection and treatment	SDG 6: Clean water and sanitation	Adaptation projects (chapter 1.4 of this Framework): - Process for water treatment and reuse.

1 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.

2 EU Taxonomy Delegated Act on Climate Change Mitigation and Adaptation from 2021: EUR-Lex-32021R2139-EN-EUR-Lex (europa.eu).

3.2. Green Financing Component

3.2.2. Process of evaluation and selection of Projects

Eligible Green Projects / Investments under the Expansion Project and other activities that contribute to climate change mitigation and adaptation will be evaluated based on compliance with the Use of Proceeds section, and alignment with CS Wind Portugal's internal guidelines, policies, and risk management procedures, as well as with any relevant social and environmental standards and regulations. These procedures, resulting from internal policies and regulatory requirements, ensure identification and management of social and environmental risks and the minimization of any potential negative social and environmental impacts.

The Projects / Investments will be analyzed by a designated interdepartmental Green Finance Committee (GFC) within the company, made up of representatives of the finance department, as well as Sustainability Management department, its sustainability team members, and other teams and departments (as needed).

The CGC working group will meet at least on an annual basis (and as required), and will have the following responsibilities:

- Selecting, reviewing, and approving the Eligible Green Projects / Investments according to the Framework;
- Validation of the Green Financing proceeds allocation;
- Monitoring of the on-going evolution of the Eligible Green Project / Investments;
- Reviewing and approving the annual reports;
- Oversee the external verification procedures over the annual reports;
- Oversee the correct implementation of the Framework in any relevant aspects or decisions;
- If necessary, updating the Framework in order to ensure the most up-to-date information about the company and its strategy, and reflect the market's best practices.

3.2.3. Management of Proceeds

The net proceeds from green financing instruments issued by CS Wind Portugal under the present Framework will be deposited in a CS Wind Portugal's general bank account, and an amount equal to those net proceeds will be reserved to finance and/or refinance the selected eligible green projects and assets according to the Framework, and with approval of the GFC.

The monitored proceeds will be periodically adjusted to match the allocation of funds to eligible projects for the duration of each green financing instrument.

Eligible green projects include both new projects and projects that have incurred expenses within a period of 24 months prior to the issuance date. With our highest endeavor, proceeds will be thoroughly allocated without delay and within a 24-month period from the date of each issuance.

It is expected that the proceedings are allocated within 24 months from their issuance. In the meantime, and in case it will remain unassigned funds i.e., net proceedings not allocated to Eligible Green Project/ investment, these unassigned proceeds will be held and invested as cash or cash equivalents and/or other financial instruments that may be quickly converted into cash, disallowing any reimbursement of green or conventional debts, until allocation to Eligible Green Projects / Investments.

3.2. Green Financing Component

3.2.4. Reporting and transparency

CS Wind Portugal will prepare on an annual basis a report, to be shared with investors, on the allocation of the net proceeds of the green and sustainability-linked financing instruments, as well as associated impact metrics to further disclose the performance of the Portfolio until the proceeds have been fully allocated, and as necessary in case of material change.

This report will include the following information:

- Allocation reporting section
 - Description of the Projects/Investments on the Green Project Portfolio to which the proceeds have been allocated to, or categories of eligible projects financed through the sustainability-linked financing instruments
 - Share of financing or refinancing
 - Allocated amounts, and their distribution, and unallocated amounts if applicable
- Impact reporting section

3.2. Green Financing Component

3.2.4. Reporting and transparency

CS Wind Portugal will annually report on the impact metrics of the financed Projects / Investments through the green financing instruments.

Metric	Definition and calculation methodology
Renewable energy capacity in MW (offshore)	<p>Definition: Renewable energy capacity of offshore towers in MW.</p> <p>Calculation Methodology: Data for tower capacity is calculated based on information from each individual customer, as the energy generated by the tower may depend on other components (e.g.: generator, blades, or others). Overall renewable energy capacity is calculated based on the formula:</p> $Total\ Capacity\ (MW) = \sum (Capacity\ per\ tower \times Number\ of\ towers)$
Renewable energy generated in own facilities in MWh	<p>Definition: Renewable energy generated in own offshore facilities in MWh by Solar PV Plant</p> <p>Calculation Methodology: Data for Solar PV Plant energy produced is obtained directly from UPAC monitoring (report).</p>
GHG Emissions from Scope 1	<p>Definition: Direct greenhouse (GHG) emissions associated with the use of diesel forklifts and fuel cars, calculated based on emission factors for the different types of fuel used.</p>
GHG Emissions from Scope 2	<p>Definition: Indirect greenhouse (GHG) emissions associated with electricity consumption, calculated based on emission factors and emission data provided by the electricity supplier.</p>
Water Consumption	<p>Definition: Water consumed at CS Wind Portugal’s facilities, calculated based on water consumption measurements recorded.</p>

When relevant, CS Wind will also report additional qualitative and/or quantities information related to the Project / Investment impact and management on a case-by-case basis.

3.3. External Review

3.3.1. Second party opinion

CS Wind has mandated a second party, S&P Global Ratings, to provide a Second Party Opinion (SPO) on the present Green & Sustainability-Linked Financing Framework, including:

- The alignment with the Green Bond Principles and with Sustainability-Linked Bond Principles, as published by the ICMA, and Green Loan Principles and Sustainability-Linked Loan Principles, as published by the LMA.
- The issuer's Sustainability Strategy.
- The Second Party Opinion will be shared with investors. CS Wind Portugal commits to have the Second Party Opinion reviewed in case of any material changes to the Framework.

3.3.2. Post-issuance external verification

On an annual basis, CS Wind Portugal will mandate an external auditor to provide a limited assurance on the annual report including the allocation and the impact sections, which will be made available on CS Wind Corporation's website through a link.



CS WINDPT

Change & Challenge

**Eco-friendly energy,
the first step to a new value.**

We use eco-friendly energy to create new values for the planet and humanity.