

# Protocol: GREEN BOND ASSESSMENT SCHEME

## 1. USE OF PROCEEDS

Ref.	Criteria	Requirements	Work Undertaken	Findings
1a	Type of bond	The bond must fall in one of the following categories, as defined by the Green Bond Principles: <ul style="list-style-type: none"> <li>• Green Use of Proceeds Bond</li> <li>• Green Use of Proceeds Revenue Bond</li> <li>• Green Project Bond</li> <li>• Green Securitised Bond</li> </ul>	Review of: <ul style="list-style-type: none"> <li>- BOND Admission document;</li> <li>- BOND Term Sheet;</li> <li>- BOND Funds Flow.</li> </ul> Discussions with P&A management	The reviewed documents confirm that the BOND falls into the category: Green Use of Proceeds Bond.
1b	Green Project Categories	The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	Review of: <ul style="list-style-type: none"> <li>- BOND Admission document;</li> <li>- BOND Term Sheet;</li> <li>- BOND Funds Flow.</li> </ul> Discussions with P&A management	<p>Pagano &amp; Ascolillo Energy &amp; Technology SPA ("P&amp;A" or the "Issuer") is an Italian Energy Service Company incorporated with the purpose of the design, construction and management of LED energy-efficient street lighting infrastructures.</p> <p>P&amp;A aims to build and/or manage up to six lighting infrastructures in the municipalities of Caserta, San Marcellino (CE), Polla (SA), Campobasso, Valfabbrica (PG), and Giugliano (NA).</p> <p>The Issuer intends to use the proceeds of the BOND after being awarded with a Concession in four of the above mentioned municipalities, as per the Project Finance scenarios developed pursuant to art. 183 of the Legislative Decree n. 50/2016.</p> <p>For what concerns the municipality of San Marcellino (CE), P&amp;A has already rented a carve-out of assets of the company already acting as Concessionary and will perform future energy efficiency investments in that municipality through that business unit. Similarly, in Giugliano (NA) P&amp;A plans to acquire the 100% of the company already acting as Concessionary. Such acquisition will imply a significant goodwill to be paid to the seller; anyway, as per our desk review of the independent financial estimation, such goodwill is</p>

Ref.	Criteria	Requirements	Work Undertaken	Findings
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Review of: <ul style="list-style-type: none"> <li>- BOND Admission document;</li> <li>- BOND Term Sheet;</li> <li>- BOND Funds Flow;</li> <li>- P&amp;A Asset Specifications.</li> </ul> Discussions with P&A management	The possible combined energy savings targeted in P&A's business plans reach the yearly value of 8,863 Mwh, equivalent to a lower emissions amount of 4,121 Co2/Tons (based on the average emissions level of the european thermolectric plants).

## 2. PROCESS FOR PROJECT SELECTION AND EVALUATION

Ref.	Criteria	Requirements	Work Undertaken	Findings
2a	Investment- decision process	<p>The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds.</p> <p>This includes, without limitation:</p> <ul style="list-style-type: none"> <li>• process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles;</li> <li>• the criteria making the projects eligible for using the Green Bond proceeds;</li> <li>• and the environmental sustainability objectives.</li> </ul>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- BOND Admission document;</li> <li>- BOND Term Sheet;</li> <li>- BOND Funds Flow.</li> </ul> <p>Discussions with P&amp;A management</p>	<p>P&amp;A regularly assesses opportunities for improvement and devises action plans and initiatives to mitigate negative environmental impacts from its operations.</p> <p>The process for project evaluation and selection is implicitly connected to the fact that P&amp;A is an ESCO according to the standard UNI CEI 11352:2014 and has the professional expertise to evaluate, analyze and develop different projects in the renewable energy sector.</p> <p>P&amp;A will follow a structured evaluation process and will provide the bondholders, for their approval, with an initial construction budget for each project to be funded by the Bond's proceeds, which will be allocated solely to finance the investments as defined in Section 1.</p> <p>SOGESA CONSULTING has reviewed evidence that demonstrates that P&amp;A as an ESCO regularly assesses opportunities for improvement and devises action plans and initiatives to mitigate negative environmental impacts from its operations.</p>

### 3. MANAGEMENT OF PROCEEDS

Ref.	Criteria	Requirements	Work Undertaken	Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Review of: <ul style="list-style-type: none"> <li>- BOND Admission document;</li> <li>- BOND Term Sheet;</li> <li>- BOND Funds Flow.</li> </ul> Discussions with P&A management	P&A has adopted internal procedures certified according to UNI CEI 11352, ISO 9001, ISO 14001 and OHSAS 18001. The company has the operational, accounting and financial skills to manage different projects as it needs to report on regularly basis to municipalities and other entities of the public sector, so will be able to track the use of proceeds according to the Green Bond Principles.

## 4. REPORTING

Ref.	Criteria	Requirements	Work Undertaken	Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	Review of: <ul style="list-style-type: none"> <li>- BOND Admission document;</li> <li>- BOND Term Sheet;</li> <li>- BOND Funds Flow;</li> <li>- P&amp;A Environmental authorizations, analytical investigations, plant production reporting,</li> <li>Discussions with P&amp;A management</li> </ul>	As P&A works primarily with public entities, it has developed all the necessary accounting and financial procedures to manage different projects and elaborate operating and financial reports about the investment plans. P&A will provide the bondholders on semi-annual basis with a detailed Operating Report concerning the actual investments and the financial performance of the ongoing projects. Furthermore, an independent technical advisor will provide the bondholders on monthly basis with a Construction Report concerning the work in progress of such projects. The technical advisor is expected to deliver also in its assessment all the relevant qualitative and quantitative information concerning the environmental impact of the ongoing projects in terms of energy savings.