

Toabré Wind Park – Green Bond Reference Framework



July 2023

1. Introduction

1.1. Background

Parque Eólico Toabré, S.A., hereinafter "PET" or "Company", is a corporation incorporated under the laws of the Republic of Panama, duly registered in File 291351, Roll 43358, and Image 0028 of the Commercial Section of the Public Registry since June 14, 2006. Its main construction and development activity is located in the village of Toabré, Penonomé District, Coclé Province.

The Public Services Authority, hereinafter "ASEP" (Autoridad Nacional de los Servicios Públicos in Spanish), through Resolution AN-No. 2084-Elec of September 25, 2008 grants the Company (previously named ENRILEWS, S.A.) a definitive license for the installation, operation, and exploitation of the wind park with a total capacity of 225 MW. On November 22, 2017, an application was submitted to ASEP to reduce the power from 225 MW to 110 MW and divide the project into 3 phases, called Phase I of 66 MW, Phase II of 22 MW, and Phase III of 22 MW.

On December 6, 2022, ASEP issued Resolution AN-No. 18079-Elec, by which it modifies the definitive license originally granted by Resolution AN-No. 2084-Elec of September 25, 2008 and subsequent modifications, through resolutions such as AN-No. 17687-Elec of June 3, 2022, and AN-No. 17017-Elec of July 26, 2021, among others, to the Company for the installation, operation, and exploitation of the project called Toabré Wind Farm, located in the village of Toabré, district of Penonomé, province of Coclé.

PET has three (3) power purchase agreements with the main energy distributors of the country, won through tender LPI No. ETESA 03-13, to provide renewable energy throughout the country, being the first wind energy project in the mountains of Panama and the second project of this type throughout the country. PET has twenty (20) wind turbines, two (2) power substations, and one (1) 27-kilometer power evacuation line with an estimated production of 240 GWh/year in P50 (201 GWh/year in P90).

PET has a common shares capital, additional paid-up capital and issue premium as follows:

Share Class	Authorized Shares	Issued and Paid Shares	Nominal Value	Paid-in Capital
Common Shares	6,000	6,000	US\$100	US\$600,000
Additional Equity	-	-	-	US\$2,736,658
Plus: Issue Premium	-	-	-	US\$2,000,000
Total	6,000	6,000	US\$100	US\$5,336,658

On the other hand, the Board of Directors of PET consists of five (5) members as well as their dignitaries, and their names are: Targidio Antonio Bernal Silva, President; Francisco

José Elias Navarro, Vice President; Ana Isabel Lopez Porta, Treasurer; Gabriel Enrique Samudio Perez, Secretary; and Alvaro Alemán Healy, Vocal.

Our Legal Representation has been assigned to the President, Secretary, or Treasurer jointly. In addition, they have being empowered, together with the Directors, to buy, sell, pledge, mortgage, and freely dispose of any real estate or property, as well as exercise trade with complete freedom and enter into acts and contracts without any limitation, according to the Powers duly registered in the Public Registry of Panama.

Universal access to energy is essential that is why at PET we work to achieve this objective, which is especially important since it directly impacts the achievement of other sustainable development goals. In consequence, our mission, business, and social vision is born, as detailed below:

Mission: To contribute to the legacy of becoming a nation based on renewable energies for the development and sustainability of our future generations.

Vision: To actively contribute to Panama in its energy transition and in the fulfillment of the Sustainable Development Goals (SDGs), which promotes ensuring affordable, safe, sustainable, and modern energy for all.

Our main business strategy is based on the efficient and safe generation of renewable energy that brings benefits to our country and contributes to preserving the environment, community development, and the promotion of new sustainable energy developments in the short and medium term.

1.2. Sustainability Strategy

At PET, we are committed to the current and future generations of our country, seeking to comply with the Sustainable Development Goals of the United Nations Development Program, hereinafter "SDGs", especially with the generation of renewable energy that we can see reflected in SDG #7 "Affordable and Non-Polluting Energy", SDG #9 "Industry, Innovation, and Infrastructure", SDG #12 "Responsible Production and Consumption" and SDG #13 "Climate Action".

As we indicated above, we are the first wind park in the mountains of Panama and the second nationally, helping our country to take the necessary steps for the transition to renewable energies.

1.3. Strategic Pillars of Sustainability

Our commitment to environmental sustainability is our main objective, so our pillars or commitment are, without limitation:

Excellence and Innovation: operate a Wind Park with state-of-the-art technology in harmony with the environment in such a way that satisfying the needs of future generations is not compromised.

Sustainability and Environment: promote positive actions and attitudes related to the prevention of pollution and the preservation of the environment, identifying, evaluating, and taking mitigating measures regarding potential impacts related to energy generation.

Social and community commitment: the reinforcement of knowledge and introduction of best environmental practices to youth and residents surrounding the Project, seeking a better coexistence between the community environment and the Wind Park.

1.4. Contribution to the Sustainable Development Goals

Energy is central to almost all of the great challenges and opportunities facing the world today. Whether for jobs, security, climate change, food production or to increase income. Universal access to energy is essential.

Working towards the targets of this goal is especially important, as it directly affects the achievement of other sustainable development goals.

It is vital to support new economic and labour initiatives that ensure universal access to modern energy services, improve energy efficiency, and increase the use of renewable sources to create more sustainable and inclusive communities and for resilience to environmental issues such as climate change.

SDG 7 "Affordable and Non-Polluting Energy": for years we have sought to ensure that this objective is met, becoming a reality in 2018 with our greatest contribution, the start of the construction of the Wind Park in the mountains of Coclé, to go step by step guaranteeing access to affordable, safe, sustainable, and modern energy for all. In addition to increasing the proportion of renewable energy in Panama's energy matrix. PET by the end of 2022, contributed 117,303 MWh to the national interconnected system, according to the Economic Transaction Document issued by the National Dispatch Center of Panama.

Additionally, we have in our objectives to comply with the development and implementation of the other two phases and thus enhance our contribution to sustainability.

SDG 9 "Industry, Innovation and Infrastructure": a wind plant with state-of-the-art technology and modern infrastructure makes our Park a sustainable enterprise that uses the wind resource more effectively to reduce greenhouse gas emissions.

Being wind energy the cleanest and the one with the greatest potential to combat climate change suffered by our planet, Toabré Wind Park has contributed to reducing the emission of 43,824 tons of CO₂ in our country during the past year, being a period of adjustments and commissioning of the plant, so this year the figure of emission reductions will be increased.

SDG 12 "Responsible Production and Consumption": Since we conceptualized our venture we participated in the bidding of the Project, it was done thinking about achieving sustainable management and efficient use of natural resources, which helped encourage recycling programs and providing education to the communities surrounding the Park, about sustainable development and that we can live in harmony with nature.

SDG 13 "Climate Action": Not only the directors and dignitaries of PET are aware of the importance of our Park, but also the employees of the company and the communities that are around us, since we have worked on the education and awareness of each of them in reference to the mitigation of climate change, adaptation to it, reduction of its effects, and early warning. In the future, we will also seek to bring students from different public and private schools in the country to talk about our Park and how we can contribute to the care of the environment.

2. Rationality of the issue

The objective of the issuance of Green Bonds for the Toabré Wind Park is to contribute to the generation of renewable energy in an active way and thus promote the country's energy transition, respecting Panamanian environmental laws and regulations. The management of the Park is focused on ensuring compliance with our social and environmental goals, including compliance with the Equator Principles, which establish guidelines for the management of environmental and social risks.

Before the appearance of energy from renewable sources, the installed capacity in Panama, according to type of technology, was distributed mainly through hydroelectric and thermal plants. Since 2011, with the creation of new laws aimed at the installation of new sources of generation, the Panamanian energy matrix has shown great diversification. In 2014, for the first time, non-conventional renewable sources of energy emerged, such as wind power plants.

At the end of 2022, the total installed capacity of the electricity sector in the Republic of Panama was 3,981.88 MW, and of this total, the generation from wind energy represented 8.44% of the total installed capacity, with 336 MW. The Toabré Wind Park has an installed capacity of 66 MW and was generated in 2022. During the final phase of construction,

assembly, and testing of the wind turbines, a total of 117,303 MWh and 43,824 tons of CO2 equivalent were avoided.

3. Framework of the Green Bond of Toabré Wind Park

In order to fulfill the commitments described above, and finance projects with environmental benefits to support the Sustainability Strategy and Vision, the Company has chosen to create a Green Bond Framework (the "Framework") under which Green Bonds are issued. This Framework is aligned with the ICMA's Green Bond Principles (PBV) in 2021 and the Climate Bonds Initiative's (CBI) Climate Bonds Standard Version 3.0.

In accordance with these Principles and Standards, for each Green Bond issued, Toabré Wind Park declares that it will adopt the following, as established in this Framework:

- 1) Use of Resources
- 2) Project Evaluation and Selection Process
- 3) Resource Management
- 4) Reports

3.1. Use of Resources

In this sense, the US\$200,000,000 Corporate Green Bond Program aims to cancel the entire Syndicated Loan Agreement used for the construction of the Toabré Wind Park Project and for the financing of future stages of development. Around 62.7% of the Program's resources will be used for refinancing.

Eligible category	Description	Objectives and benefits	SDG
Renewable energy	Wind energy: Onshore wind power generation facilities.	Climate change mitigation	SDG 7.2. By 2030, substantially increase the share of renewable energy in the energy mix.
		GHG emissions avoided	SDG 9.1. Develop quality, reliable, sustainable and resilient, including regional and cross-border infrastructure, to support economic development and human well-being, with a focus on affordable access and equitable for all.
		Climate action	SDG 13.3 Improve education, awareness raising, and human and institutional capacity for

			climate change mitigation, adaptation, impact reduction and early warning.
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3.2. Project Evaluation and Selection Process

The selection process for eligible projects for the expansion of the Park will fall on the management of the Company and its Board of Directors. The Company has functional support areas that are responsible for complying with the Environmental Management and Adaptation Programs and ensuring compliance with the Sustainable Development Goals (SDGs).

The eligible projects will be those that fulfill the company's mission to continue expanding the wind power generation capacity in the country's energy matrix, for the diversification of the matrix towards renewable energies and those that meet the criteria for uses of funds detailed in this framework. The management of the Company along with the Board of Directors will focus its evaluation on the following:

- Mitigation of climate change by promoting the implementation of projects that allow expanding the installed capacity of the Toabré Wind Farm to 110 MW through the definitive generation license granted through Resolution AN-No. 18079-Elec of December 6, 2022, Resolution AN-No. 17017-Elec of July 26, 2021, and Resolution AN-No. 2084-Elec of September 25, 2008, and its amendments.
- Contribute to the reduction of greenhouse gas emissions by increasing the proportion of renewable energies in the energy matrix.

To start with the development and with the Operation of the Toabré Wind Farm, the following has been obtained:

- Resolution AN-No. 2484-Elec of September 25, 2008, the Public Services Authority, hereinafter ASEP," grants the company a definitive license for the installation, operation, and exploitation of the wind farm with a total capacity of 225 MW.
- On December 6, 2022, ASEP issued Resolution AN-No. 18079-Elec, amending the definitive license granted by Resolution AN-No. 17687-Elec of June 3, 2022, Resolution AN-No. 17017-Elec of July 26, 2021, and Resolution AN-No. 2084-Elec of September 25, 2008, and its amendments, to the Company for the installation, operation, and exploitation of the project called Toabré Wind Farm, located in the village of Toabré, district of Penonomé, province of Coclé.

- The then National Environmental Authority (ANAM), now the Ministry of Environment, issued Resolution DIEORA-IA-495 that approves the development and operation of the Toabré Wind Farm.
- The National Environmental Authority (ANAM), now the Ministry of Environment, grants environmental resolutions to the Antón Substation and the Transmission Line (Resolution DIEORA-IA-482-2009).
- Through Resolution DIEORA-IA-762-2009, the Environmental Impact Study (EIA) Category I for the execution of the project called "Construction of Antón Electrical Substation" is approved.
- Through Resolution AN No. 7130-Elec, the Public Services Authority (ASEP) declares the construction of the Toabré Wind Farm project to be of Public Interest and of an URGENT nature.
- ETESA issues communication ETE-DGC-GC-121-2014, in which it informs of the award of all the energy offered by PET.
- The Toabré Wind Farm signs contracts No. DME-002-14 with ENSA, No. 05-14 with EDEMET, and No. 09-14 with EDECHI for the Contracting of Energy Supply for Long-Term Wind Generation Plants.

3.3. Resource Management

In order to achieve the corporate objectives of installed capacity of energy from renewable sources by 2030 and the diversification plan of the energy matrix in Panama 2015-2050, PET has been designated Prival Trust, S.A., through Public Deed No.24,814 of September 20, 2018 of the Twelfth Notary of the Circuit of Panama and its modifications, to function as a trustee for the purpose of administering the assets and rights that have been contributed, and those which from time to time are transferred to the Trustee by the Company or by third parties, so that they are subject to the Public Offering of the Corporate Green Bond Program. The purpose of the Guarantee Trust is to guarantee the Program Bonds. This Trust is irrevocable and is identified as the "PT-62 Trust".

Issuer Trustor

PET is the Issuer Trustor and has contributed and will contribute the assets and rights of its property described in the Trust Agreement detailed above, in accordance with the provisions of Law No. 1 of January 5, 1984, duly amended by Law No. 21 of May 10, 2017, and other existing laws in the Republic of Panama applicable to the Trust.

Trustee

The Trustee of the Trust is PRIVAL TRUST, S.A., a corporation duly constituted in accordance with the laws of the Republic of Panama, registered in the Record seven hundred twenty-six thousand seven hundred and thirty-one (726731), Document one million nine hundred twenty-three thousand seven hundred eighty-two (1923782) of the Microfilm Section (Mercantile) of the Public Registry of Panama, holder of a Trust License granted by the Superintendency of Banks through Resolution FID Number zero zero one-two thousand eleven (FID No.001-2011), issued on the eighteenth (18th) day of February of two thousand eleven (2011).

Obligations of the Trustee:

1. Manage the assets of the Trust with the ulterior and exclusive purpose of supporting the Corporate Green Bond Program approved by the Superintendence of the Securities Market of Panama.
2. Grant the resources obtained from the Corporate Green Bond Program to the Issuer Trustor that will use them as set forth in the "Use of Funds" section.
3. Receive the reports of expenses and income from the Issuer Trustor and the required endorsements, for each request for "Use of funds".
4. Issue quarterly reports of its fiduciary management, which will be published by the Issuer on the website of the Panama Stock Exchange in conjunction with its interim financial statements.
5. Issue audited financial statements of the Trust at the end of the fiscal year, which must be published by the Issuer on the website of the Panama Stock Exchange.

The Corporate Green Bond Program will be issued in a first series for an amount of up to US\$128,00,000.00, funds that will be used for the cancellation of the Syndicated Loan Agreement granted by Public Deed No. 14,134 of May 31, 2018 of the Twelfth Notary of the Circuit of Panama and its amendments, which was used for the development and commissioning of the first phase of the Toabré Wind Farm. The remaining unissued amount of the Program will be used for the development and start-up of the next phases of the Project, as established in the final generation license. The trust will have Audited Financial Statements annually.

3.4. Reports

PET will annually disclose reports focused on the allocation of funds under the Corporate Green Bond Program until maturity and disclose the impact on the fulfillment of the SDGs described in this framework.

3.4.1. Funds allocation reports

On a quarterly basis, PET will provide reports to the Trustee of income and expenses, in which a report of income generated in the last three (3) months will be presented, in order to reconcile said income with those received in the Trust. Likewise, it will provide the required support for each request for "Use of funds" from the trust and projection of operating expenses for the park for the next 3 months.

These reports will be reconciled once a year at the time the Audited Financial Statements are received and will serve as input for the annual disclosure report that PET will prepare.

To the extent that additional bond issues are made to finance future phases of expansion of the Park, under the Corporate Green Bond Program, PET will report on said allocation of funds and provide the corresponding reports.

3.4.2. Impact Reports

Eligible category under the ICMA Green Bond Principle	Potential Impact Report Data
1. Renewable energies (including production, transmission, devices and products);	<ul style="list-style-type: none"> ● Tons of CO2 equivalent avoided per year ● MWh or GWh of clean energy generated/produced per year ● MW installed power.

PET will annually submit the Park's impact reports detailing its *green activities* to contribute to the SDGs in climate change mitigation under the eligible categories of ICMA's Green Bond Principles. Specifically, it will report on the amount of clean energy generated annually and the amount of greenhouse gas emissions avoided by the Park. Similarly, to the extent that future phases are financed to expand the installed capacity of the Park, it will disclose this impact.

Additionally, for future phases they will include the efforts made under the Wildlife Rescue and Relocation plans, to minimize the disruptions of the Park in the Flora and Fauna in the area as part of the Environmental Adaptation and Management Program.

4. External evaluation

4.1. Second Opinion

Toabré Wind Farm has appointed PCS to conduct an external assessment of the Green Bond Framework and confirm alignment with ICMA's GBPs. The Second Opinion will be available on the website of Parque Eólico Toabré and/or on the website of the Second Opinion provider.

4.2. External verification Post-issuance

The annual report of Toabré Wind Farm will be subject to verification by an External Auditor. The Auditor shall verify:

- Compliance of assets financed by Green Bond resources in accordance with the eligibility criteria defined in the Use of Resources section of this Framework.
- The amount allocated to Eligible Green Projects financed by Green Bond resources.
- The administration of resources and the amount of unallocated resources.

The report of the External Auditor will be published on the website of Toabré Wind Farm.

5. Modifications to the Framework

The Committee designated for this purpose by the Shareholders' Meeting or, failing that, by the PET Board of Directors, shall periodically review this Framework, including its alignment with the updated versions of the GBPs, with the aim of adhering to best market practices. Such revision may result in the updating and amendment of this Framework. In the case of major updates, Toabré Wind Farm and the External Evaluator must have previously approved such updates. Any updated version of this Framework that may exist will maintain or improve current levels of transparency and disclosure of information, including the respective review by the External Evaluator. If it exists, the updated Framework will be published on the Toabré Wind Farm website and will replace this Framework.