

Green Finance Framework

November 2019



Introduction

About Atlas Renewable Energy

Atlas Renewable Energy (“Atlas”) was established in 2017 as an investment vehicle of Actis, a leading global growth markets investor in private equity, energy, infrastructure, and real estate, with a strong track record in the renewable sector in Europe, Africa and Latin America.

Atlas is an independent power producer headquartered in Miami with regional offices in Brazil, Mexico and Chile. The company consists of four separate entities; Atlas Renewable Energy Chile SpA, Atlas Renewable Energy Spain S.L.U., Atlas Renewable Energy México, S. de R.L. de C.V., and Atlas Energia Renovavel Do Brasil S.A. The four entities share several corporate functions such Human Resources, Legal, Structured Finance and ESG (Environmental and Social Governance).

Atlas develops, builds, finances, and operates clean energy projects in Latin America. The Company is comprised of a seasoned 90-person team with deep expertise in development, financing, construction and operations and a management track record of >USD1.5bn invested, 1.1 GW constructed and >2GW developed. The team is committed to delivering every project to the industry’s highest standards while safeguarding the interests of stakeholders and the communities in which they operate. With a proven track record of implementing a full-cycle business model in numerous projects across the region from development to operations, the company relies on its deep expertise to ensure maximization of value for all stakeholders and expanding the positive impact the projects can make in cleaning the energy grid.

Atlas’ approach is to operate with complete transparency, thereby ensuring full accountability with the project’s stakeholders, and a seamless transition from development, to execution to operations. To date, Atlas has successfully constructed and operates nearly 1.5GWs across 11 projects in multiple jurisdictions in Latin America. The company generally, contracts the construction activities to two or more external companies; however, Atlas oversees all aspects of engineering, procurement and execution. Atlas always works closely with a selected top tier list of strategic suppliers to ensure adequate risk allocation through a rigorous and disciplined EPC (Engineering, Procurement and Construction) contracting process.



After construction is completed, Atlas has an internal asset management team working to continuously enhance the performance of the projects. The company follows a methodical approach where they closely measure each asset’s KPIs to track and enhance profitability while tracking environmental obligations and interaction with local communities.

Actis' Responsible Investment Principles

As an Actis company, Atlas ensures compliance with Actis' principles, and uses them as foundation for its own guidelines. While responsible investment, viewed through an ESG lens, has become part of the language used across many investment firms over the last few years, at Actis, this is part of the firm's DNA. The firm's heritage has created a bedrock of interest in, and commitment to, responsible investment principles that go far beyond those outlined in the Principles for Responsible Investment.

Actis acknowledges that some of the investments the company makes may have an impact on local communities and their environment. In energy, for example, building acres of solar panels can disturb local wildlife and users of the land. Yet at the same time, many communities in the regions where the company operates need a reliable and economic source of power if they are to grow their economies. For Actis to deliver this, while also meeting their investor obligations, interaction with local communities is vital. This includes training and hiring local labor forces, improving working conditions and ensuring that contractors treat their workers fairly and with respect. Actis also recognizes that local support for their investments is essential if they are to run a business that is sustainable over the long term. The way the company achieves this is by understanding the needs of local markets and communities through relationship building and then working together to address some of the issues they face.

Some of the solutions may include investing in essential infrastructure or putting in place initiatives to provide safe, clean drinking water for local people.

Actis' mandate is to invest in sustainable local businesses. By providing capital and expertise to create growing, thriving, well-managed businesses that employ well-trained staff, the company attracts further capital to regions that can be perceived as difficult areas to invest in. Actis thereby helps to create a virtuous cycle where their investment attracts further capital and feeds into the potential for improved local and national governance in parts of the world that arguably need this the most.

As part of its general investment decision process, Actis follows the below process for integrating responsible investments.

Screening	Due Diligence	Portfolio Management	Exit
Screen against Actis exclusions	Scope the ESG due diligence, engage external consultants, undertake site visits and attend management meetings	Support the management team with the implementation of mitigation and value enhancement measures	Highlight positive ESG progress
Complete initial background checks on the investment partners	Advise Investment Committee, present detailed assessment of ESG risks, opportunities, management capacity and track record	Visit project sites, undertake management meetings and build ESG capacity within the company	Advise the exit committee on the track record of the potential buyer
	Develop ESG actions for inclusion in the post-investment plan	Review performance and work with deal team to add value	

Actis' Environmental, Social and Governance Code

In order to implement its ESG approach, Actis has developed and implemented a Responsible Investment Management System comprising of Policies, Organization, Planning and Implementation, Monitoring, Reviewing and Auditing.



Policies

- Actis has developed policies in the areas of Environmental, Climate Change, Health and Safety, Business Integrity and Social issues (the "Actis Five Policies") which include commitments to international best practice.
- Actis has also determined specific sectors that are excluded for investment.

Organization

- Actis has internal specialists competent in the areas of the Actis Five Policies. Each specialist's role is to provide advice within the organization and to investee companies, both during the initial investment process and afterwards during the portfolio management of investee companies through to exit.

Planning and Implementation

- Actis assesses the impact of all new investments in each of the Actis Five Policies as an integral part of the appraisal process.
- Actis gives new investments a risk rating in environmental, climate change, health & safety, business integrity and social issues to determine the appropriate level of management and monitoring required.
- Actis requires the management of investee companies to sign an undertaking confirming that it will operate in line with the Actis Five Policies.

- Actis assists investee companies in developing action plans to address areas of non-compliance with the Actis Five Policies.
- Actis encourages the managers of investee businesses to adopt and implement policies relating to the areas of the Actis Five Policies particularly where the business entails specific risks.
- Actis encourages the managers of investee businesses to work towards continuous improvement in these areas.

Monitoring

- Actis ensures RI is an integral part of Actis' Investment Review (IR) process.

Reviewing

- Actis reports annually on the implementation of its procedures.
- Actis provides a summary of the development impact of each fund in the regions in which it is investing (including a statement relating to each fund's carbon footprint).

Auditing

- Actis audits the implementation of the Actis Five Policies and related procedures on an ongoing basis.

The Investee Company Undertakings

Actis will request every potential investee company to undertake that the business of such company will be carried out in a manner that:

- a) encourages the efficient use of natural resources and promotes the protection of the environment;
- b) ensures investee companies (in high carbon intensity sectors) determine their greenhouse gas footprint and make this data available on an annual basis to Actis;
- c) provides safe and healthy working conditions for its employees and contractors;
- d) treats all employees fairly in terms of recruitment, progression, remuneration and conditions of work, irrespective of gender, race, color, language, disability, political opinion, age, religion, or national/social origin;
- e) allows consultative work-place structures and associations which provide employees with an opportunity to present their views to management;
- f) upholds high standards of business integrity and honesty, complies with local laws and international good practice and does not directly or indirectly offer, pay, solicit or accept bribes in any form;
- g) takes account of the impact of its operations on the local community and seeks to ensure that potentially harmful occupational health and safety, environmental and social effects are properly assessed, addressed and monitored; and
- h) provides for i) the reporting as soon as practicably possible to Actis of any incident involving the Company [or any member of the Group] that results in any loss of life or any material effect on the environment; and ii) the reporting of the Company's [and each member of the Group's] compliance with the ESG Principles in an annual report by the Company to its Board in a manner which allows a reader to make an informed assessment of the Company and, to the extent relevant, each member of the Group as against the requirements of the ESG Principles.
- i) implements a social and environmental management system which enables effective identification, management and monitoring of any risks and provides a framework for action.

Atlas' Structure for ESG, Health and Safety

Atlas is run as a responsible corporate citizen to create shared value for all stakeholders. The company aims to develop and implement ESG processes that correspond to international best practice standards, IFC performance standards and that comply with local legislation in the countries where they operate.

To do so, Atlas has implemented the following structure within the areas of Environmental, Social, and Governance (ESG) as well as Health and Safety:

- **Head of Environmental, Social and Governance** (Latin America): Atlas' Head of ESG is responsible for ensuring policies and standards to maintain high business integrity, independently of local regulations. Policies and standards follow Actis' principles and ensures overall social and environmental compliance. The Head of ESG continuously evaluates social and environmental risks and applies ESG aspects of project finance.
- **Health and Safety Manager** (Latin America): The Health and Safety Manager is responsible for ensuring a robust EHS Management System to support Atlas' operations in all regions of Latin America while putting in place Health and Safety Assessment tools on the respective fields. The H&S Manager is the leading promoter of Atlas' safety culture and also ensures training on Health and Safety risks and standards reach all employees.
- **Environmental, Social and Governance Managers** (in each Country): The ESG Managers are responsible for the development and implementation of community investments, generating evidence and reports for compliance with IFC PS as well as maintaining detailed KPI records. The ESG Managers cooperate across regions to ensure internal coordination.
- **Community Liaison Officers** either in construction or operations (for each project): The CLOs are responsible for developing and maintaining dialogue with local communities through community outreach activities and by implementing Stakeholder Engagement Plans. The CLOs ensure the disclosure of relevant information with stakeholders, including community members, local authorities, and local leaders. The CLOs are also responsible for collecting community feedback, such as grievances, complaints, or reports, and will actively support resolution where needed.
- **Health & Safety Coordinators** either in construction or operations (for each project): The H&S Coordinators oversees the daily construction activities (Daily Construction Reports, NCRs close- outs, and actions monitoring), and ensures implementation of the H&S Management System in all phases of the projects (Engineering, Procurement, Construction, Commissioning up to Mechanical Completion).



Atlas' Projects Portfolio

To date, Atlas has successfully constructed nearly 1.5GWs across 11 projects in Latin America. Currently, the portfolio consists of renewable energy assets in Chile, Uruguay, Brazil and Mexico and below are a few examples of existing assets.



Chile

Quilapilun, La Colina | 110 MW

Located some 30 minutes away from the city, Quilapilun was the first project built near Chile's Metropolitan. It was a project that was awarded in the first regulated tender accommodating the entry of Renewable Energy. It was commissioned in March 2017.

Uruguay

El Naranjal, El Salto | 58 MW

El Naranjal project was awarded a PPA under the first tender round held in 2014 by UTE specifically for solar PV projects. It was commissioned in May 2017.



Brazil

Juazeiro, Bahia | 156 MW

Juazeiro project started operations beginning of 2019.



Mexico

Guajiro, Hidalgo | 129.5 MW

Guajiro project is currently on operation. It reached COD by mid-2019.



Atlas and Green Finance

Atlas provides clean energy in a transparent way. The company issued its first Green Bond in 2018 to specifically refinance two solar plants in Uruguay – El Naranjal and Del Litoral. This transaction received a Green Bond Assessment from Moody's who rated the bond as GB1, which is their highest score.

Given the strategic focus of Atlas and their significant portfolio of renewable energy assets, the company has decided to put this Green Finance Framework in place to show additional transparency around its investment policy and to enable further issuance of both Green Bonds and Green Loans ("Green Finance Instruments").



Green Finance Framework

This Green Finance Framework is aligned with the 2018 versions of the ICMA Green Bond Principles and the LMA Green Loan Principles and has been prepared in cooperation with DNB Markets, Inc. (“DNB”). Recognizing that market standards and best practices are still evolving, Atlas will follow market developments and, when deemed necessary by the company, make appropriate updates to this framework.

This Green Finance Framework covers the issuance of Green Finance Instruments from Atlas Renewable Energy Chile SpA (Chile), Atlas Renewable Energy Spain S.L.U. (Spain), Atlas Renewable Energy México, S. de R.L. de C.V. (Mexico) and Atlas Energia Renovavel Do Brasil S.A. (Brazil).

Use of Proceeds

The net proceeds raised from the issuance of Green Finance Instruments will be used to finance and refinance, in whole or in part, projects and assets with environmental benefits that promote the transition toward a low-carbon and climate resilient future.

Net proceeds can finance both existing and new Green Projects, where new projects are defined as ongoing Green Projects and Green Projects taken into operation less than 12 months prior to the issuance of a Green Finance Instrument.

Only such investments that comply with the Green Project Criteria defined below are eligible to be funded by Green Finance Instruments. For the avoidance of doubt, Green Finance Instruments will not be used to finance investments linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defense, mining, gambling or tobacco.

Green Project Criteria

- **Solar and wind power:** Investments in, or expenditures related to, the development, construction and operation of solar and wind power projects.
- **Research and development:** Investments in, or expenditures related to, research and development projects related to solar and wind power.



Process for Project Evaluation and Selection

Investments are evaluated and selected based on the above Green Project Criteria by the Executive Management of Atlas. In accordance with Atlas' internal investment policies, the company conducts research and technical studies to ensure projects comply with local market standards and regulations.

Atlas is fully dedicated to renewable energy and all investments are managed as separate projects. This ensures that each project has been evaluated against relevant policies and procedures, as well as the criteria in this Green Finance Framework.

The Executive Management of Atlas will be in charge of potential oversight of the Green Project Criteria dependent on future developments, and when deemed necessary make appropriate updates to the Green Finance Framework. All decisions to finance projects with Green Finance Instruments will be documented and filed to ensure transparency.

Management of Proceeds

To enable investors and other stakeholders' insight into Atlas' issuance of Green Finance Instruments issuance and the environmental impact of the projects financed, an investor letter will be made available on our website. The investor letter will include an allocation report and an impact report and be published annually until full allocation of Green Bond and Green Loan net proceeds.

Allocation Report

- The outstanding amount of Green Finance Instruments issued by Atlas
- Examples of Green Projects funded by Green Finance Instruments
- Amounts invested in each investment category defined under Green Project Criteria and the amount of new financing versus refinancing
- An overview of unallocated proceeds

Impact Report

- Electricity generation capacity
- Electricity generation
- Avoided CO₂ emissions

External Review

Atlas has obtained a second opinion from **Sustainalytics** to confirm the transparency of this Green Finance Framework and its alignment with the ICMA Green Bond Principles 2018 and the LMA Green Loan Principles 2018. The second opinion will be made available on our website together with this Green Finance Framework and other relevant Green Finance documents.

