

BIOGAS SARDEGNA GREEN S.R.L.

GREEN BONDS

SECOND PARTY OPINION

Assessment of the alignment with the Green Bond
Principles

ROMA, JULY 6, 2021

Index

1. Scope and objectives	1
2. Basis of SOGESA Consulting's opinion	2
3. Responsibilities of the Management of BSG and SOGESA Consulting	3
4. Work undertaken	3
5. Findings and SOGESA' opinion	4

1 . SCOPE AND OBJECTIVES

BIOGAS SARDEGNA GREEN S.r.L. (“BSG” or the “Issuer”) is an Italian company incorporated with the purpose of the development, design and construction of a 635 kWe power plant (the “Plant”) fed by animal (slaughterhouse) waste (“Animal By-Products”, or “ABP”), in the municipality of San Nicolò d’Arcidano (OR), Sardinia, Italy.

The estimated thermal production of such Plant, assuming a supply of 30.000 t/y of cat.2/cat.3 ABP, is about of 6.132 MWh/y, with a related self-consumption of 4.492 MWh/y, while the electric production is about 5.153,5 MWh/y with a related self-consumption of 1.600 MWh/y. The estimated biogas production is 350,24 Nm³/h.

The environmental benefits expected from this project are twofold; on the one hand it avoids that 30,000 tons/year of ABP are sent to waste disposal plants contributing to the resolution of an emergency situation that afflicts the Region of Sardinia, since 2017, for the treatment of these materials and on the other hand, with the energy recovery of biogas produced, it avoids the emission of about 1,900 tons of CO₂ per year. Therefore, the Plant falls both into the pollution prevention and control category and into renewable energy category, as required by the ICMA Guidelines.

BSG is considering the issuance of four bonds in EURO (henceforth referred to as “BONDS”): one Senior A bond of Euro 5.650.00,00, one Senior B bond of Euro 5.650.00,00, one Junior A bond of Euro 750.00,00 and one Junior B bond of Euro 750.00,00 and would like to label the Bonds as a “Green Bonds” as defined within the Green Bond Principles (GBP) by ICMA – International Capital Market Association.

The Issuer intends to use the proceeds of the BONDS to fund the construction of the Plant.

SOGESA Consulting S.r.l. (“SOGESA”) has been commissioned by BSG to provide a Green Bond Second Party Opinion on the alignment with GBP.

SOGESA is independent from the issuing company, its directors, managers and consultants. We are a specialized entity with environmental expertise and we have an organizational structure, properly trained staff and working procedures for carrying out external reviews. Sogesa has put in place a robust conflict management framework that specifically addresses the need for independence, consistency of process and data protection and our compensation is not directly tied to specific commercial outcomes.

BSG Second-Party Opinion reflects our independent opinion on the alignment of the BSG project with the current market standards and the extent to which such project is credible and impactful. We were not commissioned to provide independent assurance or other audit activities. Our methodology to achieve this is described under ‘Work Undertaken’ below. No assurance is provided regarding the financial performance of the BONDS, the value of any investments in the BONDS, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the BONDS have met the criteria established on the basis set out below.

The scope of this SOGESA Consulting opinion is limited to the Green Bond Principles by ICMA – International Capital Market Association – June 2021.

2. BASIS OF SOGESA CONSULTING'S OPINION

To provide as much flexibility for the issuer BSG, we have adapted our Green Bond Principles assessment methodologies, which incorporates the requirements of the Green Bond Principles, to create a BSG - specific Green Bond Second Party Opinion Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin SOGESA Consulting's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As for our Protocol, the criteria against which the BONDS has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

3 . RESPONSIBILITIES OF THE MANAGEMENT OF BSG AND SOGESA CONSULTING

The management of BSG has provided the information and data used by SOGESA Consulting during the delivery of this review. Our statement represents an independent opinion and is intended to inform BSG's management and other interested stakeholders in the BONDS as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by BSG.

SOGESA Consulting is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, SOGESA Consulting shall not be held liable if any of the information or data provided by BSG's management and used as a basis for this assessment were not correct or complete.

4 . WORK UNDERTAKEN

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by BSG in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

- Creation of a BSG - specific Protocol, adapted to the purpose of the BONDS, as described above;
- Assessment of documentary evidence provided by BSG on the BONDS and supplemented by a high-level desktop research. These checks refer to current assessment, best practices and standards methodology;
- Discussions with BSG management, and review of relevant documentation;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

5. FINDINGS AND SOGESA' OPINION

SOGESA' findings are listed below:

1. Principle One: Use of Proceeds

BSG intends to use the proceeds of the BONDS to fund the construction of the Plant.

SOGESA Consulting is aware that the Plant will work with an adequate supply of ABP and therefore allow significant savings in GHG emissions as biogas is a renewable biofuel which does not contribute to climate change and can substitute fossil fuels for production of heat and power.

Combined with ABP it contributes to solve the problem of difficult-to-process waste.

The Plant therefore meets the requirements for inclusion in the Green Bond Principles into the “renewable energy” category and into the “pollution prevention and control” category.

On the basis of the information provided by BSG and the work undertaken, it is SOGESA Consulting's opinion that the BONDS will meet the criteria established in the Protocol and that are aligned with the stated definition of green bonds within the Green Bond Principles by ICMA, which is to enable capital-raising and investment for new and existing eligible green projects with clear environmental benefits.

2. Principle Two: Process for Project Evaluation and Selection

BSG is a new company incorporated for the sole purpose of the realization of the Plant and no other project evaluation process will be carried out by BSG in the foreseeable future.

The environmental objective of the construction of the Plant is to provide an efficient and sustainable waste-to-energy solution in a region where the production of ABP is much higher than the availability of facilities for their proper management.

3. Principle Three: Management of Proceeds

SOGESA Consulting has reviewed evidence showing how BSG plans to trace the proceeds from the BONDS, from the time of issuance to the time of disbursement.

The amount of the proceeds from the BONDS' issuance will be used to finance the construction of the Plant during an estimated period of 180 days, will be managed within treasury or equivalent and disbursed in accordance with the construction works progress. The details of the disbursements and the outstanding value will be tracked using BSG internal financial reporting system.

As stated above, SOGESA Consulting provides no assurance regarding the financial performance of the BONDS, the value of any investments in the BONDS, or the effects of the transaction.

4. Principle Four: Reporting

The new version of the ICMA Guidelines pays particular attention to this requirement.

BSG will make available in its annual financial statements adequate qualitative performance indicators and quantitative performance measures concerning the environmental impact of the Plant.

In particular, we consider as appropriate to point-out the annual volumes of ABP treated, the production of biogas and energy, both thermal and electrical, and a selection of relevant KPIs with particular attention to atmospheric emissions, especially of components with odour impacts.

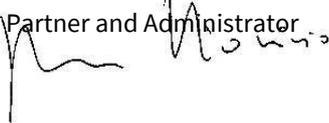
In addition, BSG shall promptly inform noteholders of any potentially significant environmental risks that may emerge during the operation of the Plant.

Roma, July 6, 2021

for SOGESA Consulting S.r.l.

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Protocol: GREEN BOND ASSESSMENT SCHEME OF BIOGAS SARDEGNA GREEN S.R.L.

1. USE OF PROCEEDS

Ref.	Criteria	Requirements	Work Undertaken	Findings
1a	Type of bond	<p>The bond must fall into one of the following categories, as defined by the Green Bond Principles by ICMA – International Capital Market Association – June 2021:</p> <ul style="list-style-type: none"> • Standard Green Use of Proceeds Bond • Green Revenue Bond • Green Project Bond • Green Securitized Bond 	<p>Review of:</p> <ul style="list-style-type: none"> - BONDS T&C; - Technical Due Diligence; - Legal Due Diligence; - EPC Contract; - Feedstock supply Contracts scheme. <p>Discussions with Biogas Sardegna Green ("BSG" or the "Issuer") management</p>	<p>SOGESA has verified that the Plant to be built will adopt state-of-the-art, high-efficiency technological solutions that will allow the achievement of significant environmental benefits.</p> <p>In particular, the environmental benefits expected from this project are twofold; on the one hand, it will prevent 30,000 tonnes/year of "Animal By-Products", or "ABP" are sent to disposal plants, thus contributing to the resolution of an emergency situation affecting the Region of Sardinia, since 2017, for the treatment of these materials and, on the other hand, with the energy recovery of the biogas produced, it will avoid the emission of approximately 1,900 tonnes of CO2 per year.</p> <p>The project meets the requirements for inclusion in the Standard Green Use of Proceeds Bond principles as the Plant falls both into the pollution prevention and control and renewable energy categories, as required by the ICMA Guidelines.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilization of the proceeds of the bond, which should be appropriately described in the legal documentation.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - BONDS T&C; - Technical Due Diligence; - Legal Due Diligence; - EPC Contract; - Feedstock supply Contracts scheme. <p>Discussions with Biogas Sardegna Green management</p>	<p>BIOGAS SARDEGNA GREEN S.r.L. is an Italian company incorporated with the purpose of the development, design and construction of a 635 kWe power plant fed by animal (slaughterhouse) waste ("Animal By-Products", or "ABP"), in the municipality of San Nicolò d'Arcidano (OR), Sardinia, Italy.</p> <p>The Issuer intends to use the proceeds of the BONDS to fund the construction of the Plant.</p> <p>The revenues of the plant will be guaranteed mainly by the ABP feed-in tariff which customers will have to pay to BSG and, to a lesser extent, by the sale of the electricity produced by the CHP for the part exceeding the needs of the plant.</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"> - BONDS T&C; - Technical Due Diligence; - Legal Due Diligence; - EPC Contract; - Feedstock supply Contracts scheme. Discussions with Biogas Sardegna Green management	The environmental benefits expected from this project are twofold; on the one hand, it will prevent 30,000 tonnes/year of "ABP" are sent to disposal plants, thus contributing to the resolution of an emergency situation affecting the Region of Sardinia, since 2017, for the treatment of these materials and, on the other hand, with the energy recovery of the biogas produced, it will avoid the emission of approximately 1,900 tonnes of CO2 per year (based on the average level of emissions of European thermoelectric power 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"> • process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles; • the criteria making the projects eligible for using the Green Bond proceeds; • and the environmental sustainability objectives. 	<p>Review of:</p> <ul style="list-style-type: none"> - BONDS T&C; - Technical Due Diligence; - Legal Due Diligence; - EPC Contract; - Feedstock supply Contracts scheme. <p>Discussions with Biogas Sardegna Green management</p>	<p>BSG is a new company incorporated for the sole purpose of the realization of the Plant and no other project evaluation process will be carried out by BSG in the foreseeable future.</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"> - BONDS T&C; - Technical Due Diligence; - Legal Due Diligence; - EPC Contract; - Feedstock supply Contracts; - Financial Model. Discussions with Biogas Sardegna Green management	SOGESA Consulting has reviewed evidence showing how BSG plans to trace the proceeds from the BONDS, from the time of issuance to the time of disbursement. The amount of the proceeds from the BONDS' issuance will be used to finance the construction of the Plant during an estimated period of 180 days, will be managed within treasury or equivalent and disbursed in accordance with the construction works progress. The details of the disbursements and the outstanding value will be tracked using BSG internal financial reporting system.

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"> - BONDS T&C; - Technical Due Diligence; - Legal Due Diligence. Discussions with Biogas Sardegna Green management	<p>BSG will make available in its annual financial statements adequate qualitative performance indicators and quantitative performance measures concerning the environmental impact of the Plant.</p> <p>In particular, we consider as appropriate to point-out the annual volumes of ABP treated, the production of biogas and energy, both thermal and electrical, and a selection of relevant KPIs with particular attention to atmospheric emissions, especially of components with odour impacts.</p> <p>Furthermore, no more than ten days after becoming aware of any social, labour, health and safety, security or environmental incident, accident or circumstance, of any material adverse effect on the implementation or operation of the Plant's operations in compliance with the Environmental Law requirements BSG shall notify the Noteholders of and shall in each case specify the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures being taken, or plans to be taken to address them and prevent any future similar event.</p>