



**MEYER BURGER**

## **Green Financing Framework**

*Towards emission-free energy generation from sunlight*

**June 2021**

# Contents

- INTRODUCTION .....2
  - Business Overview .....2
  - Vision and Strategy .....2
  - Why it matters.....2
  - Meyer Burger's leading technology innovation.....4
  - Rationale of the Green Financing Framework.....4
- GREEN FINANCE FRAMEWORK.....5
  - Pillar 1: Use of Proceeds .....5
  - Pillar 2: Process for Project Evaluation and Selection .....7
  - Pillar 3: Management of Proceeds .....8
  - Pillar 4: Reporting.....8
    - Allocation Report .....8
    - Impact Report .....8
  - External Review .....9

# INTRODUCTION

## Business Overview

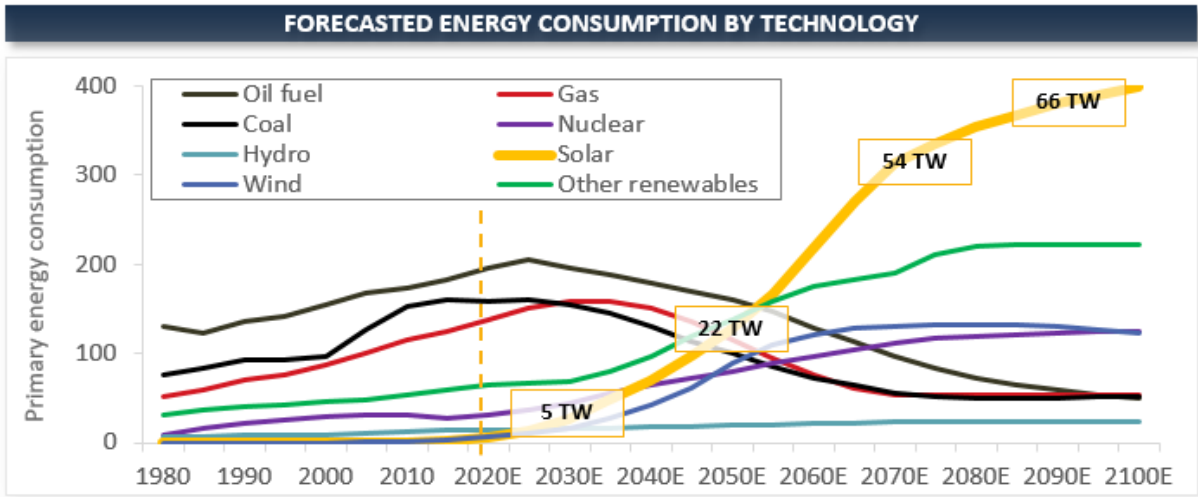
Meyer Burger is a leading globally active technology company specialising in innovative systems and the production of cells and modules for the photovoltaic (PV) market. The company has shaped the development of photovoltaics along the entire value chain and has set essential industry standards. A large proportion of the solar modules produced worldwide today are based on technologies developed by Meyer Burger.

## Vision and Strategy

Meyer Burger's vision is to facilitate a more sustainable and accessible energy generation for a greener future. The company develops precise technical solutions to produce highly efficient solar modules, often establishing new industry standards. In this regard, the company's aim is to make these highly-efficient solar modules more accessible to the private and commercial sector while considering economic costs. With continuously improving energy efficiency, Meyer Burger has also reduced overall manufacturing costs and the production footprint, allowing its customers to achieve highly advantageous total cost of ownership in the PV industry. Meyer Burger plans to build on these development and its long-standing technological leadership, to move towards emission-free energy generation from sunlight.

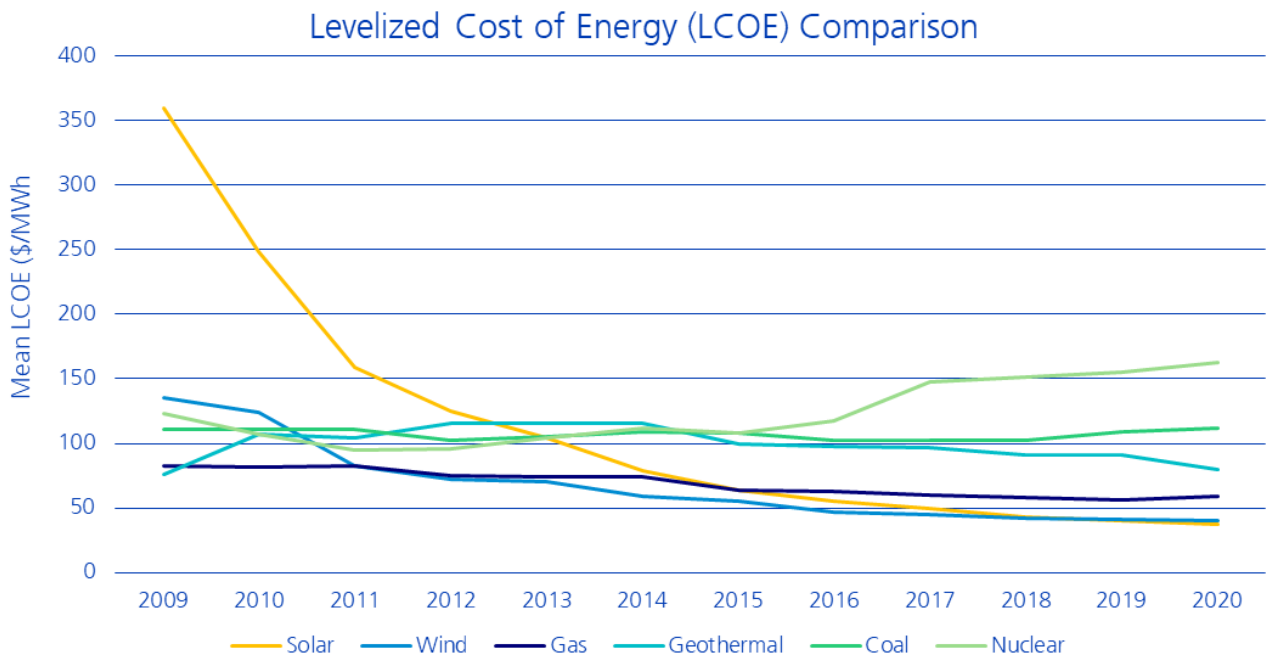
## Why it matters

After only two decades, PV by far is already the most cost-effective and climate-friendly technology for generating electricity in large parts of the world. Solar energy is affordable, clean, and available in unlimited quantities. International ambitions for more climate protection and a continuing cost depression will allow solar power generation to become the most important and profitable energy source in the future. Indeed, PV is expected to substantially contribute to the reduction of greenhouse gas emissions: In 2019, PVs could produce 0.6 TW, by 2030 the capacity will probably raise to 5 TW. This development will meet a globally growing electricity demand, driven by the electrification in an increasing number of sectors such as electromobility.



Source: Carbon Brief analysis of IEA World Energy Outlook 2020

Fostered by steadily improving technologies, economies of scale, competitive supply chains and a growing experience, renewable power generation costs have fallen by 90% over the past decade. This development allowed the industry to become competitive with the cheapest existing brown energy sources such as coal-fired power plants. Continuing cost declines confirm that competitive renewables are a low-cost climate and decarbonisation solution that aligns short-term economic needs with medium- and long-term sustainable development goals. Consequently, the PV market is expected to grow internationally and to have an important impact on decreasing the effects of global warming.



Source: Lazard, Levelized Cost of Energy and Levelized Cost of Storage – 2020

## Meyer Burger's leading technology innovation

As a global leader in the solar industry, Meyer Burger offers a unique, innovative range of products, systems, and services. The manufactured solar cells and modules are essential elements of the global photovoltaic value chain.

Meyer Burger focuses on the ongoing improvement of its PV technologies to maintain its leading position in the industry and improve the ecological impact of its business activities. It pursues a double goal: While increasing the energy efficiency of solar cells and modules, Meyer Burger simultaneously offers its customers the lowest total cost of ownership. As innovation is key to achieving these goals, the company permanently invests in new technologies lowering the cost per kilowatt hour of solar energy while increasing the cells' and modules' quality.

Meyer Burger's proprietary Heterojunction/SmartWire technologies are the "gold standard" of photovoltaics. It combines the latest generation of solar cells with a worldwide unique connection technology. This significantly increases the output of the modules used, while at the same time reducing the electricity production costs (€/kWh). Heterojunction/SmartWire modules are market-ready for a large-scale production.

Furthermore, acting in harmony with the environment and respecting societal values, it is most important to Meyer Burger to use natural resources carefully and mindfully. Currently, certain resources are specially generated and used in the manufacturing process of solar cells and modules. Through reuse, share, repair, refurbishment, remanufacturing and recycling, Meyer Burger aims to adopt the principles of a circular economy, respectively to follow the cradle-to-cradle concept, in order to eliminate waste, pollution and carbon emission to a maximum extent.

## Rationale of the Green Financing Framework

Meyer Burger is a long-standing European-based pioneer in the development of photovoltaics along the entire value chain. The publications of the draft EU Green Bond Standards and the draft EU Taxonomy have created an opportunity for Meyer Burger to further reinforce its sector leadership on sustainable matters by issuing a green bond financing projects aligned with the Taxonomy's ambitious emissions thresholds for green projects and in line with its overall strategy and approach to sustainability. Meyer Burger believes that green bonds financing its activities will highlight its sustainability objectives very effectively. Moreover, it will provide fixed income investors with a further tool to assess Meyer Burger's progress in contributing to climate change mitigation as well as benefitting society.

# GREEN FINANCE FRAMEWORK

Meyer Burger's Green Finance Framework (the "Framework") is based on the Green Bond Principles (ICMA, 2018) and the Green Loan Principles (LMA/APLMA, 2020). These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promoting the development and integrity of the green finance market. The Framework takes into account the core components of the Green Bond Principles and the Green Loan Principles being:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External review

This Framework defines assets which are eligible for financing or refinancing by proceeds of green finance instruments issued by Meyer Burger including, but not limited to, bonds and loans (the "Green Finance Instruments"). In addition, the Framework outlines the process used to select and report on eligible assets and the organization of the management of proceeds of Green Finance Instruments.

The Framework definition of eligible assets is aligned with EU Taxonomy's requirements for "substantial contribution to climate change mitigation" as outlined in the EU Technical Expert Group (TEG) on Sustainable Finance Taxonomy Report: Technical Annex, March 2020.








As both the Green Bond Principles, Green Loan Principles and the green financing market overall, as well as the EU Taxonomy, are evolving rapidly, this Green Finance Framework may be updated or expanded in the future. Any future updated versions of this Framework will either keep or improve the current levels of transparency and reporting disclosures.


## Pillar 1: Use of Proceeds

Meyer Burger will apply 100% of the net proceeds from the issuance of each Green Finance Instruments to finance green projects ("Eligible Green Projects") satisfying one or more of the eligible indicators and performance requirements detailed below.

All Eligible Green Projects must provide environmental benefits that contribute to fight climate change, avoiding CO<sub>2</sub> emissions by increasing renewable energy capacity, and/or improving energy efficiency. Eligible Green Projects may include physical assets such as green buildings and renewable energy production capacity, as well as CAPEX and OPEX related to those assets, and may also include acquisitions of assets. A look-back period of 36 months will apply to the Framework and Eligible Green Projects must comply with the Eligibility Criteria set forth in the following section.

The company may, at any time, extend the list of Eligible Green Projects to other type of assets which provide verifiable sustainability benefits. In this case, the company commits to update the current Framework and to extend the set of criteria to appropriately analyse the new asset class.

Project categories	Description of projects	Environmental benefits	Related SDG
<b>Renewable Energy</b>	<p>Projects related to the manufacture of products and key components that are essential for eligible renewable energy technologies:</p> <p>Investments in, expenditures for and/or costs for conception, infrastructure, development and construction of renewable energy production products (e.g. solar PV panels).</p> <p>Eligibility criteria: renewable energy production products should have a life cycle emissions lower than 100g CO<sub>2</sub>e/kWh, declining to 0g CO<sub>2</sub>e/kWh by 2050.</p>	Climate change mitigation through GHG emissions reduction	    
<b>Green Buildings</b>	<p>Investments in new building projects and in existing building retrofits that upgrade the buildings' facilities and equipment so that either:</p> <p>The building was able to receive during the three-year period prior to the issuance of the notes, or will be able to receive during the two-year period after the issuance of the notes, a third-party verified green building certification, such as: LEED Platinum or LEED Gold; or ENERGY STAR rating of 85 or higher; or the building is carbon net-zero; or leasing, on a capitalized basis, new or existing buildings that have received one of the above third-party verified green building certifications.</p>	Climate change mitigation through GHG emissions reduction	
<b>Energy Efficiency</b>	Financing of, or investments in development, construction, installation, and maintenance of projects that contribute to a reduction of energy consumption per unit of output, energy storage energy management systems, and efficiency projects.	Climate change mitigation through GHG emissions reduction	

<b>Natural Resource Preservation</b>	Financing of, or investments in development, construction, installation, and maintenance of projects that prevent and control pollution (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste recycling, water management)	Sustainable Consumption and Production	
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## Pillar 2: Process for Project Evaluation and Selection

Projects that comply with the Use of Proceeds as previously described will be considered as Eligible Green Projects. The process for the evaluation and selection of eligible projects utilizes internal expertise and includes assessment of whether the project:

- 1) Substantially contributes to the environmental objective of fighting climate change and/or contributing to natural resource preservation, doing no significant harm to other environmental objections
- 2) Meets Meyer Burger's internal standards, including our sustainability principles: health and safety, environment, human rights, labor rights, anti-corruption and business ethics, and complies with all applicable local regulations
- 3) Meets the Use of Proceeds requirements detailed in Pillar 1
- 4) The project(s) that are to be retrospectively financed have been carried out/received certification from recognised body within the last three years.

A cross-functional Green Bond Committee ("GBC") reviews, monitors, and approves all Eligible Green Projects that meet the core criteria set forth above. The GBC will be chaired by the CEO and CFO and will include representatives from Project & Product Management, Corporate Finance and additional functions as appropriate.

The project's expected benefits must be assessed and calculated, and the evaluation must cover the project's lifecycle. Projects, acquisitions, and R&D investments that are aligned with the Use of Proceeds (with a look back period of 3 years) will be considered eligible for Green Bond proceeds allocation.

The Green Bond Committee monitors the portfolio of projects during the life of the transaction. Specifically, the committee can decide to replace some Eligible Green Projects if an asset no longer meets the eligibility criteria or is exposed to high ESG risks. The Green Bond Committee monitors and refines the selection process of eligible green loans on a regular basis.



## Pillar 3: Management of Proceeds

The net proceeds from the issuance of each Green Financing Instrument will be deposited to a general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects as selected by Meyer Burger's GBC.

For costs already disbursed, no separate management of proceeds is required. Accounting records of the capital already invested in Eligible Green Projects will be externally assured. For future project costs, proceeds will be managed through a tracking process established by the GBC to ensure traceability. The Chair of the GBC will oversee the allocation process.

All relevant information regarding the issuance of Green Financing Instruments and the Eligible Green Projects (re)financed will be monitored and maintained in Meyer Burger's internal accounting systems.

Meyer Burger intends, to the best of its abilities, to fully allocate the proceeds within 24 months after the issuance date of each Green Financing Instrument and will strive to maintain full allocation until maturity by replacing any projects that may have been divested or are no longer eligible due to other circumstances.

## Pillar 4: Reporting

Throughout the term of the Green Financing Instruments Meyer Burger has committed to producing an allocation report (the "Allocation Report") as well as an impact report (the "Impact Report") annually until the Green Financing Instrument proceeds have been fully allocated.

### Allocation Report

Meyer Burger will publish the Allocation Report on its website within 12 months of issuance and then annually until full allocation of the proceeds of the relevant Green Financing Instrument.

The report should detail:

- a) The list of Green Instrument Projects (list of Green Eligible Projects that will be tagged for a specific Green Finance Instrument) and amount of allocation received from Green Financing Instrument (backdated for projects already financed in last 3 years),
- b) Balance of unallocated proceeds of the Green Financing Instrument invested in cash and/or cash equivalents,
- c) Projected allocations of Green Financing Instrument proceeds if not fully allocated (as above in Eligible Green Instrument tracker).

### Impact Report

Meyer Burger will publish an Impact Report on its website providing information on the environmental outcomes and fulfilment of objectives as previously noted. Details of the Impact Report:

- a) The Impact Report should be published the first time within one year following the issuance of the Green Financing Instrument and then at least once a year after at least until full allocation of the respective Green Financing Instrument

- b) The Impact Report should be published at least until the full allocation of the proceeds – however, investors would require to have the impact reporting to be published until maturity of the Green Financing Instrument
- c) The most important data required in the Impact Reporting would be the main green KPIs.

Examples of such KPIs that may be relevant for the Impact Report are as follows:

- d) **Renewable Energy:**
  - i. Renewable energy capacity produced (kW or MW)
  - ii. Energy produced from renewable sources (kW or MW)
  - iii. GHG emissions avoided (in CO<sub>2</sub>e Tons)
  - iv. Energy from onsite renewables (in %)
  - v. [TBD: energy efficiency of solar cells (in %)]
- e) **Energy Efficiency:**
  - vi. Energy saved aggregate (kWh)
  - vii. Energy saved due to building retrofits or design
- f) **Waste:**
  - viii. Waste diverted from landfills (tons or % diverted)
  - ix. Waste recycled or composted (tons)
- g) **Resource Use:**
  - x. Bio-based materials use (% material in product) – where suitable
  - xi. Recycled content use (% material in product) – where suitable

## External Review

Meyer Burger has engaged ISS to provide a Second Party Opinion on its Green Financing Framework. The Second Party Opinion and the Green Financing Framework will be made public on Meyer Burger's website.

Meyer Burger's annual reporting will also be subject to External Review until the net proceeds are allocated in full to Eligible Green Projects. The annual assurance report will also be posted on our website.

Our auditors annually report on our internal control system (and also risk management). The internal control system includes process-level controls relevant for accounting, but is always based on entity-level controls which include the code of conduct and a number of further measures. The external auditors report on these entity level controls as a part of the ICS at least annually.