

RATCH-Australia Corporation Pty Ltd Green Financing Framework Impact Report As at 30 September 2022

Introduction

RATCH-Australia Corporation Pty Ltd (“RAC” or “Company”) is an experienced project developer and project owner within the Australian energy market. RAC owns a portfolio of generation assets with a capacity of 1.2GW.

RAC is focused on delivering projects and initiatives aligned to the RATCH Group’s long-term strategy and renewable energy production targets through the continued investment in renewable energy generation projects in Australia. To help facilitate funding for RAC’s renewable energy projects a Green Financing Framework (“GFF”) was developed in alignment with the following Principles (collectively the “Principles”):

- the Green Bond Principles (“GBP”), International Capital Market Association, June 2018; and
- the Green Loan Principles (“GLP”), Loan Market Association, May 2020.

The GFF alignment with the Principles is achieved through the following key pillars:

1. Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond/a borrower of a loan must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.

2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond/a borrower of a loan should outline the process it follows when determining eligibility of an investment using Green Bond/Loan proceeds, and outline any impact objectives it will consider.

3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond or loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled.

4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

5. External Review

DNV Business Assurance Australia Ltd (“DNV”) provided a second party opinion confirming that the GFF meets the criteria established in the DNV eligibility assessment protocol and that it is aligned with the stated definition of Green Financing Instruments within the Principles, which is to “enable capital-raising and investment for new and existing projects with environmental benefits”.

On 1 September 2022 RAC refinanced its 227MW Collector Wind Farm (“CWF”) located in New South Wales and its 180MW Mount Emerald Wind Farm (“MEWF”) and its 42.5MW Collinsville Solar Farm (“CSF”), both in Queensland with a new \$476.6 million 5 and 7 year Syndicated Green Debt Facility (“Green SFA”) issued under its GFF.

Reporting

This Impact Report fulfils the external reporting obligations required under Section 2.4 of the GFF. The Company’s obligations to report on the environmental impact of the Eligible Green Projects and the use of net proceeds from the Green SFA is aligned with the Principles.

Use of Proceeds

The table below summarises the allocation of proceeds received from the Green SFA as required by Section 2.4.1 of the GFF.

Sources (Cash)	\$m
Funds from Banks (1-Sep-2022)	\$476.6
Total Sources	476.6
Uses (Cash)	\$m
Proceeds applied at financial close to Eligible Green Projects (i.e. repayment of CWF, NEWF and CSF debt facilities, shareholder loans and associated establishment costs)	463.3
Proceeds quarantined for future Eligible Green Projects	
Allocation to funding to the Marulan Solar Project	\$4.7
Remaining proceeds for RAC’s future Eligible Green Projects	\$8.6
Total Uses	476.6

The DNV Second Party Opinion dated 1 July 2022 confirmed this allocation of proceeds was 100% to Eligible Green Projects in accordance with the GFF.

Environmental impact of Eligible Green Projects

Section 2.4.2 of the GFF requires reporting about the estimated environmental and/or social impacts arising from the implementation of the Eligible Green Projects. RAC has chosen to report the estimated reductions in carbon dioxide (“CO₂”) emissions resulting from the CWF, MEWF and CSPV for 2022 to fulfil this requirement. The estimated reduction for the three Eligible Green Projects in 2022 is expected to be 848,906 tonnes of CO₂, based on a forecast Net Generation of 1,067.43 GWh.

Eligible Green Project	Forecast Net Generation (GWh)*	Emission Factor (kg CO ₂ -e/kWh)**	CO ₂ Emissions Reductions (tonnes CO ₂ -e)
	CY2022		CY2022
CWF	503.8	0.79	398,018
MEWF	483.8	0.80	387,404
CSF	79.8	0.80	63,848
Total	1,067.4		848,906

*Generation figures were obtained from internal forecasts used to finance CWF, MEWF, CSF portfolio.

**The Emission factors are based on the State where the projects are located and were derived using the 2021-22 year measure from:

<https://www.cleanenergyregulator.gov.au/NGER/Legislation/Measurement-Determination>

Conservation and Social Programs

A range of additional programs are implemented across the Company’s assets to manage our environmental and social licence responsibilities.

MEWF has made a long-term commitment to minimising impacts on a range of protected species of flora and fauna that it shares the site with. Since construction started, immense effort has been applied to minimise impacts on the Northern Quoll (*Dasyurus hallucatus*) which are regarded as an endangered species under the Environment Protection and Biodiversity Conservation Act 1999 Act.



The Northern Quoll is the smallest of the four Australian quoll species. Predation by feral cats, bush fires and grazing are major threats to Northern Quolls.

MEWF conducts ongoing monitoring to ensure that there has been no impact on the population during the construction and operations of the wind farm. In February 2022, reporting from the third year of operations concluded that the quoll population on site at MEWF (and compared to populations across the Atherton Tablelands in northern Queensland) had not been adversely impacted by the wind farm. Further studies under the Quoll Outcome Strategy will be implemented in 2023 and 2028 to monitor long term interaction.

In addition, avian species are carefully monitored in accordance with the respective bird and bat management plans at both MEWF and CWF. Reporting for CWF has been submitted to the Regulator¹ which concluded that the CWF's impact was well within designated thresholds.

MEWF is entering its third year of studies under its bat management plan, which is designed to minimise impact on the protected Spectacled flying fox (*Pteropus conspicillatus*) and Bare-rumped sheath-tail-bat (*Saccolaimus saccolaimus*).



Spectacled flying fox



Bare-rumped sheath-tail-bat

¹ Department of Planning and the Environment (NSW)

This plan requires the implementation of a low wind speed curtailment, which functions by pitching the blades (to effectively stop rotation of the rotor) during low wind conditions, when the bat species are known to be active. This reduces the likelihood of avian mortality during periods where little or no energy is being generated. While curtailment programs like this have been utilised in other regions around the world, this is the first large scale implementation of a low wind speed curtailment in Australia. Following the very low observed impacts in its first two years of operations, consultation with the Regulator² has enabled further extension to the program. This will assess the effectiveness of the curtailment in mitigating impacts on these particular species across a wider range of wind conditions.

Through 2020 and 2021, MEWF facilitated researchers from James Cook University in Cairns in measuring atmospheric conditions at the wind farm site. Utilising some of the wind farms meteorological equipment and specialised spectrometer's, seasonal concentrations of greenhouse gases were measured. Results from this research have recently been published in the Geoscience Data Journal, "One year of spectroscopic high-frequency measurements of atmospheric CO₂, CH₄, H₂O and δ 13C-CO₂ at an Australian Savanna site" (Munksgaard et al. 2022).

In recognition of the communities in which it operates the Company contributes generously via the MEWF and CWF community trusts, with over \$500,000 per annum is directly invested into community and sporting groups, schools and other not-for-profit organisations. The intention of these funds is to provide a long term benefit to the local communities, investing in programs nominated by residents in the region. With a long history in Collinsville, CSPV also contributes to a range of local ventures, most recently through support of the annual Bowen River Rodeo.



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² Department of Agriculture, Water and the Environment (Commonwealth)