

RATCH-Australia Corporation Pty Ltd Green Financing Framework Impact Report As at 30 September 2023

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 completed the refinancing 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, MEWF and CSF debt facilities, shareholder loans and associated establishment costs)	463.3
Proceeds quarantined for future Eligible Green Projects	
Allocation to fund to the Marulan Solar-BESS Project ¹	\$5.1
Allocation to fund the Maison Dieu Solar+BESS Project ¹	\$1.0
Allocation to fund the Beryl BESS Project ¹	\$0.1
Allocation to fund the Springlands Wind Project ¹	\$0.5
Remaining proceeds for RAC’s future Eligible Green Projects	\$6.6
Total Uses	476.6

Note 1: expenditure over the 1 Sep 2022 – 31 July 2023

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 CSF for 2023 to fulfil this requirement. The estimated reduction for the three Eligible Green Projects in 2023 is expected to be 808,935 tonnes of CO₂, based on a forecast Net Generation of 1,108.1 GWh.

Eligible Green Project	Forecast Net Generation (GWh)*	Emission Factor (kg CO ₂ -e/kWh)**	CO ₂ Emissions Reductions (tonnes CO ₂ -e)
	CY2023		CY2023
CWF	544.6	0.73	397,558
MEWF	476.4	0.73	347,772
CSF	87.1	0.73	63,605
Total	1,108.1		808,935

*Generation figures are the actual outcomes from 1 Jan 2023 to 31 July 2023 plus budgeted generation to 31 Dec 2023 for the CWF, MEWF, CSF portfolio.

**The Emission factors are based on the State where the projects are located and were derived using the 2022-23 year measure from:
<https://www.cleanenergyregulator.gov.au/NGER/Legislation/Measurement-Determination>

Environmental and Social Programs

A range of programs are implemented across the RAC assets to manage our environmental and social licence responsibilities.

The impact of MEWF on avian species is carefully monitored by RAC via the implementation of the Department of Agriculture, Water and the Environment (‘DAWE’) approved Bird and Bat Adaptive Management Plan. This requires low wind speed curtailment of the turbines, which pitches the blades (to effectively stop rotation of the rotor) during low wind conditions, which is 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. The latest survey and report confirms the impact of MEWF on local bird and bat populations is very low. MEWF was the first large scale wind farm in Australia to implement a program of this type which was designed to actively curtail the turbine’s operations to reduce the likelihood of impacting two protected species that utilise the site. Given the positive results achieved to date, we

are continuing to engage with the DAWE to explore options to increase utilisation of the turbines without negatively impacting the bird and bat populations.

In relation to CWF, during development of the project, it was recognised that successful delivery of the project would result in direct impacts to biodiversity within the site, predominantly from loss and degradation of flora and fauna habitat during construction associated with land clearing for turbines, roads, electrical and ancillary infrastructure.

Within the different habitats across the project site were various areas of good quality endangered ecological communities ('EECs'), comprising Box Gum Woodland EEC and Tablelands Snow-Gum Grassy Woodland EEC. In recognition of the value of these EECs, the development of the project followed a two-pronged approach to minimise the potential impacts arising, namely:

- Refining the site design to avoid the EEC areas as far as technically and feasibly possible;
- Developing a formal offset strategy, to provide a defined framework for offsetting the residual areas that would be impacted, and for managing the offset areas into the future to improve biodiversity values in the local area.

As part of that offset strategy, CWF entered into an agreement, prior to construction, with a local landowner to secure approximately 167 hectares of land with high biodiversity value (i.e. biodiversity offset site or BOS). This BOS is protected in perpetuity thanks to these arrangements and financial support provided by CWF.

RAC has invested more than \$1.5 million in the communities where it operates and always strives to be a good neighbour at every stage of a project's lifespan, from early development through to full operations and decommissioning of our assets. RAC donates in excess of \$400,000 every year of the CWF and MEWF working life into Community Enhancement Funds to support local projects and initiatives. The funds are designed to share the financial benefits of the wind farm with not-for-profit groups, associations and clubs that make a positive difference to the local communities located in close proximity to the wind farms.

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