

VERIFIER'S REPORT SUMMARY

Kestrel Verifiers is of the opinion that the PME Capital Financière AG Cime Wind II Opportunities Bond (Green Bonds) (Certified Climate Bonds) ("Wind II Bond") conform with the Wind Energy sector criteria of the Climate Bonds Standard.

Use of Proceeds

Proceeds will be used to invest in wind energy generation facilities in Poland, Bulgaria, and Sweden. Upon completion of the projects by developers, the Wind II Bond proceeds will be used to acquire and own the underlying investments in the projects.

Process for Project Evaluation and Selection

Cime's two-stage process for evaluating projects for investment includes due diligence for conformance with its investment policy, financial standards and identification of social and environmental risks. The Investment Committee must give final approval for all investments.

Management of Proceeds

Proceeds from the Wind II Bond will be specifically directed to pay the costs investment and acquisition of eligible renewable energy projects.

Reporting

Cime will submit the required financial reports to the Wind II Bond investors as required by FMA. Cime regularly monitors and tracks project performance, and expects to report on allocation of bond proceeds, electricity generated, installed capacity, and emissions avoided on a portfolio or project-specific basis. Kestrel Verifiers will be engaged to provide a Post-Issuance report within 24 months of certification.

Impact and UN SDGs

By facilitating expansion of renewable energy generation, Cime Capital is directly supporting UN SDG 7: Affordable and Clean Energy, SDG 3: Good Health and Well-being, and SDG 9: Industry, Innovation and Infrastructure.



ISSUER

PME Capital Financière AG

BORROWER

Cime Wind II AG

OPINION ON

Cime Wind II Opportunities
Bond

SECTOR CRITERIA

Wind Energy

SDGs



EVALUATION DATE

December 2020

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VERIFIER'S REPORT

Par: CHF 100,000,000*
Issuer: PME Capital Financière AG
Issue Description: Cime Wind II Opportunities Bond
Project: Renewable Energy Generation Projects
Sector Criteria: Wind Energy
Evaluation Date: December 2020

*Preliminary, subject to change

CLIMATE BONDS VERIFIER'S REPORT

PME Capital Financière AG has issued the Cime Wind II Opportunities Bond ("Wind II Bond") on behalf of Cime Capital ("Cime"). Bond proceeds will be used to invest in multiple wind projects to expand and support regional renewable energy generation.

This Verifier's Report reflects Kestrel Verifiers' view of Cime's projects and financing, allocation and oversight, and conformance of the bonds with the Climate Bonds Standard (V3.0), and the Wind Energy sector criteria. In our opinion, the Wind II Bond is aligned with the internationally accepted Climate Bonds Standard and the Wind Energy criteria.

ABOUT THE ISSUER

PME Capital Financière AG ("PME") was created in 2019 to support financing of various renewable energy projects and managing associated financial risks of investments. Proceeds from issued bonds are loaned to small and medium-sized entities to finance specific projects. PME issued the Wind II Bond on behalf of Cime Capital. Based in Balzers, Liechtenstein, PME is managed by an experienced Board of Directors and is regulated by FMA.

Cime Capital AG was founded in 2013 and is based in Switzerland. Cime Capital manages funds for institutional investors with an investment focus that includes renewable energy, energy efficiency, sustainable water infrastructure, and other resilient infrastructure. Cime Capital is the parent company of multiple subsidiaries which include Cime Wind II AG which, in turn, is a subsidiary of Cime VE Asset AG. Cime Wind II AG is based in Switzerland and supports operations of multiple wind farms in Central and Eastern Europe. Cime VE Asset AG exists to consolidate renewable energy assets to reduce financial risk associated with investment.

Cime invests and holds renewable energy investments which provide renewable power to Central and Eastern Europe. Cime's renewable energy investment portfolio currently consists of operational facilities with an installed capacity of 16.5 MW. Cime's strong commitment to sustainability is shown through its of dedication to investing in sustainable activities.

ALIGNMENT TO CLIMATE BONDS STANDARD AND CERTIFICATION SCHEME

Cime has engaged Kestrel Verifiers to provide an independent verification on the alignment of the Wind II Bond with the Climate Bonds Standard (V3.0) and Certification Scheme, and the Wind Energy sector criteria. The Climate Bonds Initiative (the “CBI”) administers the Standard and sector criteria. Additionally, Kestrel Verifiers has examined alignment of the Wind II Bond with the United Nations Sustainable Development Goals (“SDGs”) and the drafted EU Taxonomy.

Kestrel Verifiers is a Climate Bonds Initiative Approved Verifier. The Kestrel review team included a renewable energy expert and environmental scientists. We performed a Reasonable Assurance engagement to independently verify that the bond meets, in all material respects, relevant criteria defined in Figure 1.

For this engagement, Kestrel Verifiers reviewed Cime’s Green Bond Framework and relevant plans. We examined public and non-public information and interviewed members of Cime’s management and finance teams. Our goal was to understand the planned use of proceeds, procedures for managing proceeds, and plans and practices for reporting in sufficient detail to verify the bond.

Verifier’s Responsibilities

Kestrel Verifiers’ responsibilities for confirming alignment of the Wind II Bond with the Climate Bonds Standard and Wind Energy criteria include:

- assess and certify Cime’s internal processes and controls, including selection process for projects and assets, internal tracking of proceeds, and the allocation system for funds;
- assess policies and procedures established by Cime for reporting;
- assess the readiness of Cime to meet the Climate Bonds Standard (V3.0) and Wind Energy sector criteria; and
- express a Reasonable Assurance conclusion.

Relevant Climate Bonds Sector Criteria and Other Standards

The Wind II Bond align with the Climate Bonds Standard (V3.0) and Wind Energy criteria.

Assurance Approach

Kestrel Verifiers’ responsibility is to conduct a Reasonable Assurance engagement to determine whether the Wind II Bond meet, in all material respects, the requirements of the Climate Bonds Standard. Our reasonable assurance was conducted in accordance with the Climate Bonds Standard (V3.0) and the *International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Kestrel Verifiers has relied on information provided by Cime. There are inherent limitations in performing assurance, and fraud, error or non-compliance may occur and not be detected. Kestrel Verifiers is not responsible or liable for any opinions, findings or conclusions that are incorrect. Our assurance is limited to Cime’s policies and procedures in place as of November 2020. The distribution and use of this verification report are at the sole discretion of Cime. Kestrel Verifiers does not accept or assume any responsibility for distribution to any other person or organization.



Use of Proceeds and Conformance to Sector Criteria

The Wind II Bond will finance Cime’s investments wind energy generation facilities in Europe. There are multiple wind projects in Poland, Bulgaria, and Sweden that Cime may support with the Bond. One hundred percent (100%) of the energy produced by these projects will be renewable and the maximum expected installed generation capacity of any single project is 200 MW. Bond proceeds will be used to acquire and own the underlying investments in any of the projects listed in Table 1. Project development is managed by a variety of partners, including Visavento, Baltic Wind, Energy Market, and others.

Cime expects to establish long-term power purchase agreements (PPA) for the majority of projects to be financed with the Wind II Bond. The PPAs ensure efficient delivery of renewable power and financial sustainability of the assets. Cime contracts separately for power plant maintenance.

Table 1. Projects eligible for investment with Wind II Bond proceeds.

Financing	Expected Financing Completion Date	Type of Farm	Location	Expected Energy Produced / Month	Anticipated Construction / Installation Start Date	Anticipated Construction / Installation Completion Date
EUR 18m	Q4/2020	Wind	Gullabo, Sweden	TBD	2021	Q4/2022
EUR 24m	Q4/2020	Wind	Strömby, Sweden	TBD	2021	Q4/2022
CHF 20m	Q4/2020	Wind	Krzanowice, Poland	4.1 GWh on average	Nov 2020	Q3/2021
CHF 24m	Q4/2020	Wind	Sompolno, Poland	4.8 GWh on average	Nov 2020	Q4/2021
EUR 30m	Q1/2021	Wind	Poland / Western Balkan	TBD	Q2/2021	Q4/2022

Sector Criteria

Wind Energy Criteria

Cime’s bond-financed activities align with the CBI Wind Energy Criteria under the Asset Class “Onshore Wind” and are consistent with the example of “Onshore wind energy generation facilities” shown in Figure 1. A green circle indicates that these assets automatically meet eligibility of the sector criteria with no further disclosure or documentation required. Therefore, we confirm that the wind energy projects meet the wind energy sector criteria.

Assets	Example eligible assets	Mitigation
Onshore wind		
Assets that operate or are under construction to operate:	Onshore wind energy generation facilities	●
	Dedicated transmission infrastructure and support facilities (e.g. transformers, backbone, transmission terminus, grid connections, dedicated facilities for support vessels and vehicles, equipment storage, onshore assembly)	●
	Dedicated operational production, manufacturing or distribution facilities for key components, such as wind turbines, platforms etc.	●

Figure 1. Eligible Asset Types

Source: Table I, Climate Bonds Standard – Wind Energy Criteria, April 2018

Process for Project Evaluation and Selection

Cime intends to use proceeds of the Wind II Bond exclusively to finance wind projects that are aligned with its Investment Policy and Green Bond Framework. Cime is made aware of candidate investments which may be in various stages of development through multiple channels, including corporate partners. Each project is subject to a multi-step evaluation process prior to approval for investment. The Executive Board and Board of Directors who are primarily responsible for the due diligence and selection process have expertise in sustainable and responsible investing, local government, and resilient infrastructure.

Cime's new investments are evaluated using established key performance indicators, detailed financial analysis, and an ESG assessment. The initial review consists of an evaluation of general project details and their alignment with Cime's Investment Strategy. Initial details reviewed as part of the first step include project purpose and objectives, location, timeline, and material environmental or social risks.

Following the initial review, detailed analysis of the project is performed and presented to the Board of Directors for final determination. The review process relies on internal financial expertise and third-party experts on legal and technical aspects of an asset. Compliance with local and national environmental, health, and safety regulations and acquisition of necessary permits are a critical elements of Cime's evaluation. Cime Capital is demonstrating leadership toward a low-carbon future with these thorough project selection procedures which help maximize positive environmental impacts.

Management of Proceeds

Proceeds from the Wind II Bond will be specifically directed to pay the costs of investment in wind energy facilities. Net proceeds will be tracked by Cime's Investment Committee and 100% of funds will be ringfenced for eligible wind energy generation facilities and associated financing costs. Only projects which meet the Climate Bond Standard 3.0 will be financed with Climate Bond proceeds. Proceeds from the bond will flow through the parent company Cime VE Asset AG and subsequently to Cime Wind II AG.

Cime will hold Wind II Bond proceeds in cash or may invest proceeds in permitted short term investments as defined by Cime, with capital preservation and liquidity as the priorities. Permitted investments are restricted based on both environmental and social considerations. Proceeds shall not be invested in assets which limit the transition to a low carbon and climate resilient economy.

Reporting




Cime will submit the required financial reports to the Bond investors as required by FMA. Cime plans to produce a quarterly report which can be made available to investors through PME's website. The report will include the percent of the Wind II Bond proceeds that were allocated to eligible projects and the project status. Within 24 months of certification, Kestrel Verifiers will provide one post-issuance Update Report to the Climate Bonds Initiative. This report will include information about uses of proceeds, funds allocated, generated electricity, installed capacity, and emissions avoided on a portfolio or project-specific basis. Cime will also post this report on their website: www.cime-capital.com.

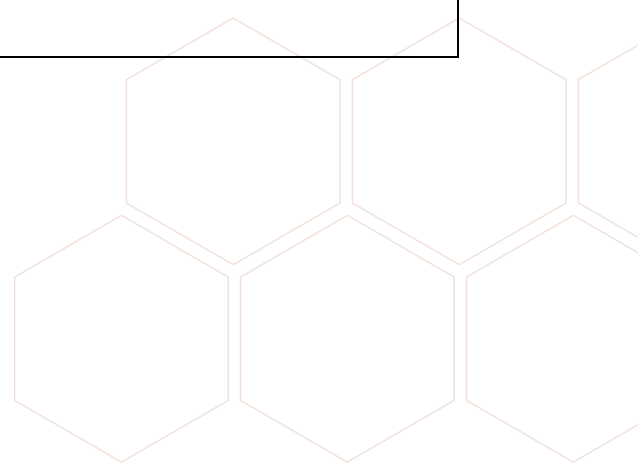
Internally, Cime also monitors and tracks a variety of benchmarks for investments. Typically, the expected technology performance curve is established for each project, and performance is benchmarked along the curve. Project benchmarks consisting of maintenance needs or basic monitoring are tracked on a monthly or, at least annually. Benchmarks and performance indicators may vary slightly by project but are similar across related projects.

Impact and Alignment with UN SDGs



Cime’s commitment to expansion of renewable energy supports the sustainable vision of the UN Sustainable Development Goals (UN SDGs). The *2030 Agenda for Sustainable Development* adopted by all United Nations member states in 2015 provides “a shared blueprint for peace and prosperity for people and the planet.” The United Nations’ Agenda describes 17 Sustainable Development Goals (SDGs). The Wind II Bond directly supports UN SDGs 7, 3 and 9 by increasing clean energy generation and reducing greenhouse gas emissions associated with respiratory diseases and other health conditions. A comprehensive list of targets and background on UN SDG 7, 3 and 9 is available on the United Nations’ website: <https://www.un.org/sustainabledevelopment/>

UN SDG	Green Category (SDG Targets)	Possible Indicators
	<ul style="list-style-type: none"> Renewable Energy (Target 3.9) 	<ul style="list-style-type: none"> Avoided air pollutant emissions Number of avoided hospitalizations as a result of improved air quality
	<ul style="list-style-type: none"> Renewable Energy (Targets 7.2, 7a) 	<ul style="list-style-type: none"> Renewable energy produced Avoided greenhouse gas emissions (tonnes CO2eq) Number of people with access to clean energy services Installed generation capacity
	<ul style="list-style-type: none"> Renewable Energy (Target 9.4) 	<ul style="list-style-type: none"> Reduction in fossil fuel use as a result of bond projects Total clean energy produced and distributed



Alignment with EU Taxonomy

Pursuant to regulation (EU) 2020/852 of the European Parliament, establishing the EU Taxonomy is the first action in the European Commission’s Action Plan on Financing Sustainable Growth, and on 9 March 2020, the Technical Expert Group (TEG) on sustainable finance published its final report on the EU Taxonomy for the Commission.

According to EU Taxonomy, the production of electricity from Wind Power is defined as an activity that provides substantial contribution to climate change mitigation (1) based on its own performance, and (2) through substantial contribution to climate change adaptation.

Under the Taxonomy regulation, economic activities making a substantial contribution to climate change mitigation or adaptation must also be assessed to ensure that they do not cause significant harm to other environmental objectives. The methodologies for assessing “do no significant harm” are still in development. Wind Power is expected to align with objectives to do no significant harm with respect to the transition to a circular economy (4), waste prevention and recycling; and the protection of healthy Ecosystems (6). Further project-specific assessment and evaluation may be necessary to fully assess alignment with the EU Taxonomy.

Activity	1. Climate change mitigation				2. Climate change adaptation	3. Water	4. Circular economy	5. Pollution	6. Ecosystems
	Type of contribution	Own performance	Enabling	Transition activity	Type of contribution	Type of contribution	Type of contribution	Type of contribution	Type of contribution
Production of Electricity from Solar PV	Substantial contribution	x			Substantial contribution		Do No Significant Harm		Do No Significant Harm

Figure 2. EU Taxonomy technical screening criteria for wind

CONCLUSION

Based on the Reasonable Assurance procedures we have conducted, in our opinion, the Wind II Bond conforms, in all material respects, with the Climate Bonds Standard, and the bond-financed activities are aligned with the Wind Energy sector criteria. Cime Capital’s efforts are expediting integration of sustainable infrastructure in Europe and facilitating global efforts to decarbonize the economy.

ABOUT KESTREL VERIFIERS



For 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based Women’s Business Enterprise.

For more information, visit www.kestrelverifiers.com

DISCLAIMER

This opinion aims to explain how and why the discussed financing meets the Climate Bonds Standard based on the information which was available to us during the time of this engagement (November 2020) only. By providing this opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Climate Bonds. It was beyond Kestrel Verifiers' scope of work to review issues relating to regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by Cime. The opinion delivered by Kestrel Verifiers does not address financial performance of the Wind II Bond or the effectiveness of allocation of its proceeds. This opinion does not make any assessment of the creditworthiness of Cime, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Wind II Bond. Kestrel Verifiers is not liable for consequences when third parties use this opinion either to make investment decisions or to undertake any other business transactions. This opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in Cime or the projects discussed. Language in the offering disclosure supersedes any language included in this Verifier's Report.

