Sustainability Report 2021

Blue Elephant Energy AG

BLUE ELEPHANT ENERGY


We want to make the world
a little cleaner and better.
Every day.

Blue Elephant Energy at a glance

Employees	**53**
Solar parks	**54**
On-shore wind parks	**13**
Contracted capacity, from East to West	
Greece:	45 MW
Italy:	68 MW
Germany:	149 MW
The Netherlands:	621 MW
France:	14 MW
Spain:	150 MW
Dominican Republic:	58 MW
Chile:	123 MW
Total capacity:	1,228 MW
Electricity production:	**871,705 MWh**
Avoided CO_2- emissions:	**505,885 tonnes**

The reporting period covers January 1, 2021, to December 31, 2021.
Blue Elephant Energy publishes a sustainability report once a year.

Contents

Preface

Dear readers,

I am glad to present to you our second sustainability report, which underlines Blue Elephant Energy's understanding of sustainability and provides information about the sustainability of our activities in 2021.

One of the most important tasks facing humanity is undoubtedly to meet the increasing demand for energy while at the same time mitigating climate change.

We are aware of the risks of climate change and know the negative consequences for society, the economy and the environment. However, in this critical context, we also see opportunities and business challenges. Since its foundation in 2016, our company, Blue Elephant Energy AG, has focused exclusively on the generation of renewable energies. Over the past six years, we have dedicated ourselves to the development, construction and operation of solar and onshore wind plants in an increasing number of latitudes and are active beyond Europe in a number of emerging markets.

Although 2021 was a difficult year due to the global pandemic, severe disruptions in international supply chains and some adverse weather conditions, we managed to significantly increase our electricity production thanks to our growing portfolio. We are proud that we were able to channel capital to invest in these infrastructures and confirm that renewable power generation is an attractive investment opportunity. But what pleases us most is that we are making a significant contribution to the global energy transition and thus to greater climate protection. Our plants also help national economies to reduce their dependence on oil and gas. Against the backdrop of the terrible events in Ukraine, this is more necessary than ever. As our Finance Minister Lindner says: "Renewable energies are freedom energies".

We want to continue on this path of growth and combine it with the challenge of continuously improving our contribution in all facets of ESG issues. It is our desire and commitment to positively impact the communities in which our assets are located by engaging in local social and environmental initiatives, even beyond our core business.

To this end, we will continuously improve the transparency of our actions and further integrate ESG/sustainability into our strategy and decision-making process. With this in mind, in this second report we disclose our activities in more detail, using key performance indicators and clarifying the link to global sustainable development. In the following chapters, you will find a comprehensive overview of how Blue Elephant Energy positions itself in relation to environmental and social issues.

Felix Goedhart,
CEO of Blue Elephant Energy AG

Blue Elephant Energy´s business model

Blue Elephant Energy AG (abbreviation: BEE) seizes the many opportunities offered by electricity generation from renewable energies. The Hamburg-based company develops, acquires, and operates solar and onshore wind power plants.

As an independent operator, BEE has continuously expanded its portfolio since its foundation, thus contributing to sustainable energy supply and climate protection.

When developing assets, BEE focuses on its own project developments executed by its in-house team or through local project development service agreements. As a result, the value creation through project development substantially remains within the BEE group.

When acquiring solar and wind parks, we prefer to rely on long-term partnerships, especially with project developers with whom we work trustingly and who appreciate our reliability and dynamism.

Our systems generate stable and predictable income over the long term. We continuously optimize our portfolio and increase profitability with our commercial and technical know-how. This enables us to offer our investors attractive and reliable returns.

In addition to shareholder equity and project financing at the level of the individual parks, profit participation rights from medium-sized insurance companies secure the financing for the continuation of our dynamic growth.

We regularly analyse new technologies and techniques, such as energy storage and hydrogen, in terms of their economic attractiveness and suitability to complement our investment strategy.

As part of our ESG strategy, we engage in environmental and social projects that directly benefit the local population.

Further integrating sustainability into the company

Since the company's inception, Blue Elephant Energy has invested exclusively in renewable energy generation facilities, thereby committing to sustainable development. The Sustainability Development Goals (SDGs) guide Blue Elephant Energy on the way forward to increasing the share of renewable energy in the global energy mix (SDG 7, target 7.2.).

In 2021, BEE focused on further developing its approach to sustainability. We established an ESG Committee whose task is to ensure and monitor ESG integration in the organisation, e.g., when analysing an investment, selecting business partners and suppliers, and operating the plants.

With this in mind, we signed the UN Principles for Responsible Investment (UN PRI) in 2021. We are committed to following these principles:

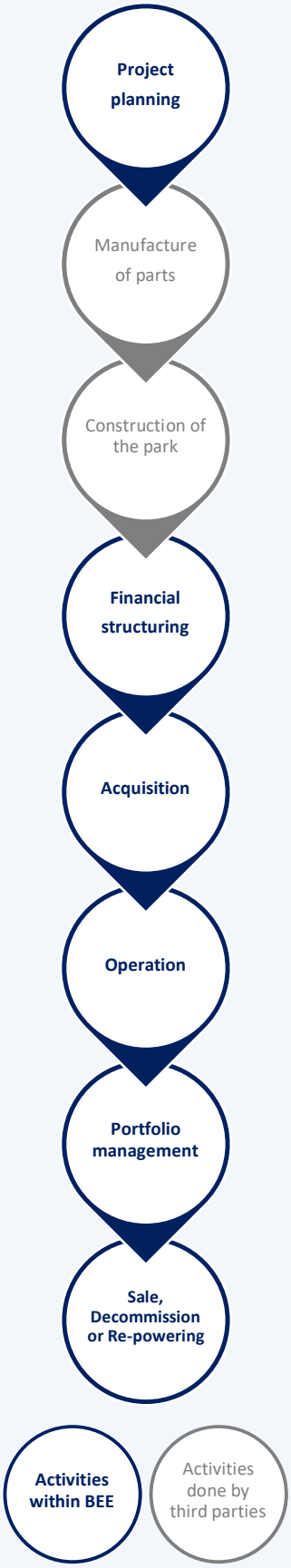


Figure 1: BEE business model

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the principles.
- Principle 6: We will report on our activities and progress towards implementing the principles.

We also conducted a preliminary materiality assessment in line with the MSCI Materiality Framework and better captured our challenges and opportunities. We also improved our data collection system to capture key metrics for each initiative and produced our first sustainability report.

In our efforts to further improve our reporting and the transparency of our activities and impacts, we will soon be producing our sustainability reporting in line with the GRI Reporting Standards 2021. In this, we will incorporate the United Nations SDG framework and the GHG protocol for our carbon disclosure.

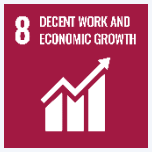
Finally, a refinement of the materiality assessment following GRI 3: Material Issues 2021 is planned for 2022. This will include a cross-team workshop and a leadership-level workshop, as well as a survey of key external stakeholders.

Impact on sustainable development

We acknowledge the impact on society and the environment by distinguishing between the contributions to sustainability of our core business and those that go beyond it.

This page provides an overview of our contributions linked to the United Nations SDGs. Each contribution is explained in more detail on the following pages, along with the corresponding KPIs.

Our contributions to sustainability from our core business:

Target	Key contributions to the UN SDGs
1. Expand the core business	- Goal 7 – Target 7.2 Increase the share of renewable energy in the global energy mix. - Goal 9 – Target 9.1 Develop quality, reliable, sustainable, and resilient infrastructure to support economic development and human well-being. - Goal 6 – Target 6.4 Increase water-use efficiency and ensure sustainable withdrawals to address water scarcity. 
2. Reduce the operational footprint	- Goal 12 – Target 12.2 Achieve the sustainable management and efficient use of natural resources. - Goal 13 – Target 13.2 Integrate climate change measures into strategies. 
3. Steward the supply chain and improve safety	- Goal 8 – Target 8.7 Take measures to eradicate forced labour and end modern slavery. - Goal 8 – Target 8.8 Promote safe and secure working environments. 

Our contributions to sustainability beyond the core business:

Target	Key contributions to the UN SDGs
4. Assume social responsibility	- Goal 2 – Target 2.1 End hunger and ensure access by all people, particularly the poor and people in vulnerable situations, to safe, nutritious, and sufficient food. - Goal 4 – Target 4.b Provide scholarships for enrolment in higher education. - Goal 4 – Target 4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development. - Goal 17 Support organizations to achieve a greater good. 
5. Provide and improve infrastructure	- Goal 7 – Target 7.b Expand infrastructure and upgrade technology for supplying sustainable energy services. - Goal 4 – Target 4.a Upgrade education facilities that are child-sensitive and provide safe learning environments for all. 
6. Protect our environment	- Goal 15 – Target 15.1 Ensure the conservation of terrestrial ecosystems and their services. 

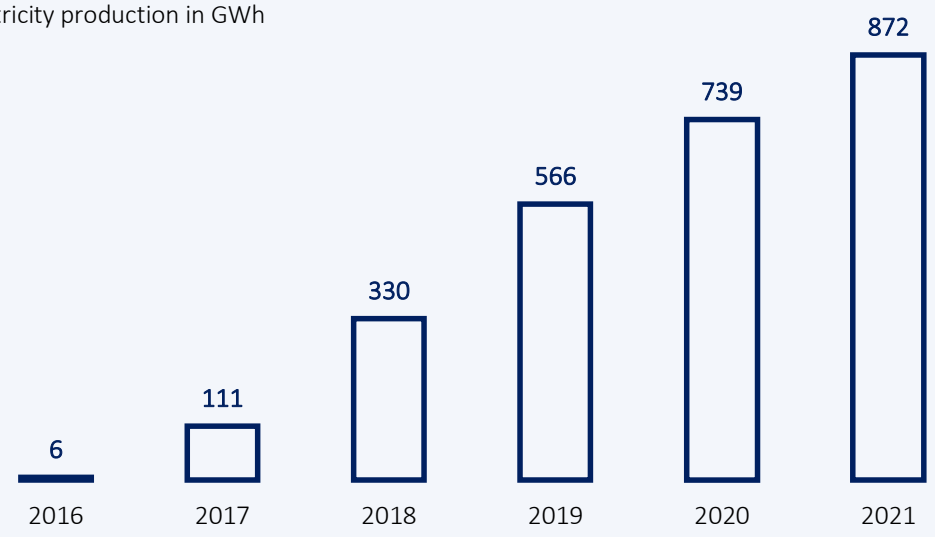
1. Sustainability targets - Expanding the core business

Our core business enables the electricity sector to shift into renewable sources. We have successfully launched projects in Europe, the Caribbean, and South America, while gradually expanding the contracted generation capacity and the markets we are active in.

1.1 Renewable energy into the global energy mix (UN SDG 7 – Target 7.2)

The next ten years are crucial to limit global warming, and success in this task requires a profound energy sector transformation. The same ambition guides our mission: to continue developing, building, acquiring, and operating more renewable assets every year. Future growth is secured by already agreed and ongoing development cooperations with a total capacity of over 1.4 GW and a well-filled investment pipeline.

Figure 2:
Net electricity production in GWh



With every kilowatt-hour of clean energy generated, we help to reduce electricity production from conventional power plants making the electricity mix cleaner. By comparing the carbon intensity of electricity at the markets where we operate, we can determine what the CO_2 emissions would have looked like for producing the equivalent amount of electricity by such an energy mix. In 2021, our facilities avoided almost 506,000 tonnes of CO_2 emissions.

1.2 Resilient infrastructure (UN SDG 9 – Target 9.1)

Our solar and wind farms are located in 8 countries, offering an on-site high-quality and reliable infrastructure to support economic development and human well-being. We help reduce those economies' dependence on hydrocarbons, reducing their reliance on external supply.

1.3 Water-use efficiency and sustainable withdrawals (UN SDG 6 – Target 6.4)

The energy sector has a central role to play in sustainable development by committing to an endurable water withdrawal for electricity generation. As research shows, electricity from solar and wind power plants is significantly more water-efficient than conventional power generation. For instance, traditional ways of producing electricity include water for cooling down machinery, dust suppression in coal mines, and pressing oil reservoirs.

We have gathered scientific literature on the water footprint of the most utilized technologies, considering the construction and operation phases. To dimension our contributions in this regard, we have made the following comparison: assessing the water footprint of the electricity produced by us in 2021 versus the water footprint of generating the same amount of electricity through the three major conventional technologies.

The results speak for themselves. While we estimate that BEE´s water footprint for 2021 is almost 12,000 m^3, a conventional production would have implied at least 445,000 m^3 of water. In other words, our electricity production has prevented the withdrawal of at least 433,000 m^3 of water, thanks to the efficiency of the utilized technologies.

Figure 3:
KPIs toward UN SDGs 7, 9 and 6

	2020	2021
	→ **739 GWh** generated electricity 100% from renewable sources →	→ **872 GWh** generated electricity 100% from renewable sources →
	→ **305,000** households could be fully supplied with clean electricity →	→ **359,049** households could be fully supplied with clean electricity →
	→ **1,108 MW** contracted capacity →	→ **1,228 MW** contracted capacity →
	→ **7 countries** equipped with solar and wind assets →	→ **8 countries** equipped with solar and wind assets →
	→ **414,000** tonnes of CO_2 emissions avoided →	→ **505,885** tonnes of CO_2 emissions avoided →
	→ **unknown** water saving →	→ **433,368 m^3** water saving →

2. Sustainability targets – Reducing the operational footprint

Doing good is not sufficient for us. As our motto says, we want to make the world a little cleaner and better every day. In this sense, we work meticulously on reducing the footprint of our operations.

2.1 Efficient use of natural resources (UN SDG 12 – Target 12.2)

Operating PV and wind assets imply consuming electricity, often buying it from third parties. For the year 2021, the total consumption of the plants is estimated around 4,800 MWh.

As per the local regulations and availability, not all markets offer the possibility of buying electricity generated by merely renewable sources. However, we have set ourselves the goal of opting for green electricity in all markets wherever this is a possibility. In this sense, during 2021, we have switched providers for ten solar and wind farms in Germany, making a long-term commitment to one that offers electricity produced 100% via renewable sources.

Moreover, eleven of our solar parks utilize water for the annual cleaning of the PV panels. These are the eight parks in Italy, the two ones in Greece, and Hoogeveen, in The Netherlands. On average, 3,000 litres of water are needed to clean 1 MW of installed capacity. Independently of the utilized machinery, no additives are incorporated into the water, which permits disposing it directly into the ground once the cleaning is completed. To pursue a more sustainable utilization of water, the Greek facilities are cleaned with seawater, which is desalinated before it is utilized.

2.2 Integrate climate change measures into strategies (UN SDG 13 – Target 13.2)

All our operational Dutch parks and our French park Vouzance share their land with pigs and sheep, enabling more responsible land use. This practice benefits the environment by avoiding machinery while the local farmers gain additional grazing land. Moreover, studies show a positive effect of animal grazing on biodiversity.

Figure 4: Sheep at our park Buinerveen, in the Netherlands, taking advantage of the grass and the shade

Figure 5:
KPIs toward UN SDGs 12 and 13

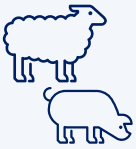
2021

→ 4,801 MWh

is the estimated electricity consumption for the operation of the PV and wind power plants throughout the year →

→ 3,000 litres / MW

on average is the water consumption of our 11 facilities that utilize water for the cleaning of the PV panels →



→ 16 facilities

are supported by grazing animals →

3. Sustainability targets – Stewarding the supply chain and improving safety

As per our business model, we rely on third parties to manufacture and provide us with the needed elements. Also, to engineer, procure and commission our plants. Stewarding the supply chain by encouraging and demanding the right working conditions is something that we do actively, together with unfolding such conditions in our offices.

3.1 Eradicate forced labour and end modern slavery (UN SDG 8 – Target 8.7)

In 2021, international concern rose regarding the work conditions behind the electricity transition, particularly the great demand for polysilicon and cobalt, respectively used in solar panels and lithium-ion batteries. The presence of modern slavery has been reported in China and the Democratic Republic of Congo, key players in the industry´s supply chain.

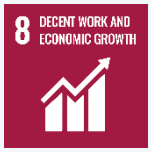
Modern slavery takes various forms, such as involuntary servitude, forced labour, debt bondage, and human trafficking, affecting adults or children. No matter how modern slavery is executed, we have zero tolerance for it. Consequently, we are committed to ensuring this does not occur anywhere in our business, including our supply chain. To confirm the integrity of our value chain, we have reached out to two of our key suppliers. We have procured their human rights and anti-slavery policies, together with compliance statements fostering fair, accessible, and secure employment environments.

3.2 Promote safe and secure working environments (UN SDG 8 – Target 8.8)

We actively promote a safe and secure working environment in our offices and facilities. Adapting to COVID-19 has been one of the top priorities during 2021. In this sense, we have promoted working from home and reducing business trips as much as possible. Moreover, a comprehensive hygiene concept has been in place, establishing the rules for the time at the office and granting access to masks and rapid tests to prevent the spread of the disease. In addition, the company has facilitated all willing employees to obtain the corresponding vaccines and provided all employees with economic support for the potential expenses tied to working from home.

In compliance with the local health and safety regulations, six employees attended the first-aid training in 2021.

Figure 6:
KPIs toward UN SDGs 8



	2020	2021
	→ **holistic screening** of the supply chain in the Due Diligence process →	→ **holistic screening + focus on labour conditions** of the supply chain in the Due Diligence process and
	→ **44 people** was directly employed by Blue Elephant, including trainees and interns →	→ **53 people** was directly employed by Blue Elephant, including trainees and interns →
	→ **≥40 %** share of female employees →	→ **≥40 %** share of female employees →

4. Sustainability targets – Assuming social responsibility

We operate in several locations around the world. Our presence in so many different places is an opportunity and a responsibility that we take seriously. Since starting our business operations, we have committed to improving the people's life circumstances at our locations. Therefore, we support local organizations dedicated to improving the lives of the local population and work on strengthening and further expanding our commitment in the future.

4.1 End hunger (UN SDG 2 – Target 2.1)

One of our most remarkable contributions in 2021 was financing two food donations in the Dominican Republic, where hunger is particularly present.

The donations were carried out through all the 18 communities in the region of Monte Cristi, where our solar park is located. These are, the communities of San Lorenzo, El Pocito, Manga, Ranchadero, El Cayucal, Martin Garcia, Cabeza de Toro, Guayubincito, La Antona, Villa Nueva, Bohio Viejo, Villa Sinda, Juan Gómez, Hato Del Medio, Sabana Cruz, El Cayal, Puerto Rico, Machete. Each community assigned a representative to work with us in identifying the most vulnerable people from each territory. These activities have been executed by the local company Rentaino and have been fully financed by our project´s partners and us.

The first donation took place in June and reached 550 people, who received not only a bag full of groceries but also the comfort that someone is looking over them. Also, within this event, the students attending the institutions Divino Niño and Campamento de Dios Manini received a “back to the school” backpack filled with supplies for attending classes. 150 kids and guardians have happily received this.

The second donation took place in December and targeted 300 handicapped, widows, and farmers, who were immensely happy to receive the groceries and the visit.

Figure 7: Food donations carried out in Monte Cristi, the Dominican Republic

4.2 Provide scholarships (UN SDG 4 – Target 4.b)

In 2021, we successfully concluded a framework agreement with a private and non-profit higher education institution at the Dominican Republic, creating the basis for cooperation and mutual collaboration. Among other things, our agreement provides for the awarding of scholarships financed by us and our project partners.

Since August, we have been providing financial support to students who have graduated from various educational institutions in the country and who have been selected as part of the institution programme for outstanding students. Our first scholarship recipient is a candidate pursuing a degree in mechanical engineering who has stood out for her academic and personal merits. To support her professional development, we have committed to cover 50% of the tuition fees for her entire studies. As she is one of the few women in this field, supporting women is particularly important to us.

Also, the company has supported one of our interns by founding his bachelor thesis with a focus on market analysis for wind and solar projects in Africa. In addition, another colleague has completed his BEE-funded, part-time master's degree.

4.3 Ensure knowledge on sustainable development reach all (UN SDG 4 – Target 4.7)

Quality education is a top priority for us at all levels and in all places.

In October, our solar park Markelo, in the Netherlands, was visited by over 50 school children from Elserike Public Dalton School, the school opposite the park. Among other things, the kids had the opportunity to learn how a solar park works and which animals live there. The activity has been organized by Chint Solar and PowerField, as part of their sustainability program that targets children aged 5 to 8.

Moreover, the protected area of the solar park Montecristi, in the Dominican Republic, has been used as a case study for a bachelor thesis and was posteriorly presented in a national congress of Agricultural Sciences and National Resources in September. We are proud that this work has been awarded the first prize for biotechnology by the Dominican Ministry of Science and Technology.

4.4 Support organizations to achieve greater good (UN SDG 17)

The Hamburg Fire Department and KIM publishing group have set themselves the goal of answering how to react when there is a fire in a suitable way for children. They have jointly produced an easy-to-understand colouring and workbook for children that receive BEE support since 2018.

The fire safety book has been developed closely with fire safety experts. By working through the book at home or school, children can better understand and deepen their fire safety awareness and instructions for proper behaviour conveyed by the fire departments. With the support of many local businesses, the books are given out free of charge to elementary school children. In 2021, BEE financed the printing of 75 books.

Committed to giving back to society in the long term, BEE evaluates additional partnerships with non-profit organizations intending to enter long-term partnerships.

Figure 8: The fire safety books by the Hamburg Fire Department and KIM publishing group

Figure 9:
KPIs toward UN SDGs 2, 4 and 17

2021

→ 850 people

from the Dominican Republic were offered groceries →

→ 3 bachelor's & master's candidates

have been supported with their tuition fees or with a stipend →

→ 3 collaborations

promoting sustainable development and greater good →

5. Sustainability targets – Provide and improve infrastructure

We understand that having access to reliable infrastructure enables sustainable development. In this sense, we actively contribute to providing new equipment and improving the existing ones in the locations where it makes the most sense.

5.1 Expand infrastructure and upgrade technology (UN SDG 7 – Target 7.b)

By the end of 2020, we have successfully set the basis for building more than ten solar parks in Chile in a joint venture with the local developer, oEnergy. One remarkable aspect of such development is tying the projects to voluntary commitments with local institutions to give back to the community and generate even a better impact.

These initiatives have a productive focus and target agricultural high schools in the region where the projects are built. Our project partner has developed them in collaboration with the recipients. In a nutshell, the contribution is to donate photovoltaic systems to support the educational communities and disseminate the agricultural applications of photovoltaic technology.

Concerning our solar park Las Catitas, a voluntary engagement was celebrated with “Liceo Agrícola Salesianos Don Bosco” in August 2020 to donate three photovoltaic systems to upgrade their facilities. These are an on-grid photovoltaic plant of 30.8 kWp for their poultry unit, an on-grid photovoltaic plant of 30.2 kWp for their dairy unit, and an on-grid photovoltaic plant of 22.1 kWp for irrigation of the fruit orchards. These systems have been duly installed and well received by the community in November 2021. Also, the school students have received induction

and training on photovoltaic technology applications and a visit to a neighbouring PV plant, which took place in May 2022.

Concerning our solar park Las Tencas, a voluntary engagement was celebrated with "Liceo Agrícola Don Gregorio" in March 2020 for donating four systems to upgrade their facilities. These are an on-grid photovoltaic plant of 21,8 kWp, an isolated photovoltaic system with frequency inverters for 2HP irrigation pumps in crops, a heat pump system for sanitary hot water, and a photovoltaic plant of 59 kWp for the dairy production unit of the farm. These systems have been duly installed and well received by the community in October 2021. Also, the school students have received induction and training on the established technologies.

Concerning our solar park Los Tordos, a voluntary engagement was celebrated with "Liceo Agrícola Maria Auxiliadora de Colín" in April 2020 for donating two photovoltaic systems to upgrade their facilities. These are an on-grid photovoltaic plant of 34.8 kWp and an isolated photovoltaic system with frequency inverters for 1,5HP irrigation. Also, the school students have received induction and training on photovoltaic technology applications.

Figure 10: Inauguration of one of the photovoltaic systems donated to "Liceo Agrícola Maria Auxiliadora de Colín", by the school authorities and our project

Following the same concept, the remaining parks from this portfolio have already celebrated an engagement with local educational institutions, which will be inaugurated in 2022.

Moreover, as part of our projects in the Netherlands, the company follows the recommendations of the local authorities, supporting the community where this is more meaningful. As for our solar park Haarweg, located in the municipality of Wageningen (the Netherlands), we have donated a PV system to the neighbouring residents, so they can immediately switch to renewable electricity.

5.2 Upgrade education facilities (UN SDG 4 - Target 4.a)

We consider that contributing to social development from an early stage is a pillar of sustainable development.

Since 2019 and as part of our commitment to the Dominican Republic, we have supported educational institutions with monthly donations and special campaigns. Likewise done in the previous year, in 2021 we helped "Campamento de Dios Manini" and "Estancia Infantil del Divino Niño", two non-profit institutions dedicated to developing children in the region. With our help, they can cover the salaries of the staff, expand their educational equipment, and improve their infrastructure.

Moreover, in 2021 we have set the goal to support social initiatives even beyond the countries in which we operate. By the end of the year, we have committed to providing Vulamasango - Open Gates with funds to improve their infrastructure. The institution is a social project and children's home for 36 kids from the townships of Cape Town (South Africa). In response to their search for donors for the ongoing development on-site and the need to renovate one of the buildings in a way to convert it into an operations management hub, we have decided to donate them the needed funds. The contribution was made at the beginning of 2022, and the renovations were completed by March. We will further detail this initiative in our Sustainability Report for 2022.

Figure 11: The community of "Estancia Infantil del Divino Niño", at the Dominican Republic

Figure 12:
KPIs toward UN SDGs 7 and 4

2021

→ 3 schools + 1 private household

have received photovoltaic systems as a give-back present →

→ 3 schools

have received funds to improve their infrastructure or to cover their staff´s salaries →

6. Sustainability targets - Protect our environment

No activity is sustainable when the environment that sustains it is neglected. For this reason, we don't stop our contributions when performing the necessary environmental studies and executing the compensation measures but actively contribute to ensuring the conservation of the ecosystems.

6.1 Ensure the conservation of terrestrial ecosystems services (UN SDG 15 – Target 15.1)

Since 2019, Blue Elephant Energy has been involved in a cooperation with the National Botanical Garden in the Dominican Republic.

As part of the Montecristi project, we pay special attention to the endangered native orchid La Cacatica. To this end, we have supported the national botanical garden in cultivating the plant in its laboratories for subsequent planting in selected areas. The planting area also includes the 40-hectare site of the Montecristi solar park, where the vegetation in general and La Cacatica, in particular, have the opportunity to develop undisturbed.

Figure 13: Site work at the protected area in the solar park Montecristi, in the Dominican Republic

Figure 14:
KPIs toward UN SDGs 15

2020	2021
→ **40 hectares** of protected area in the Dominican Republic for nature conservation →	→ **40 hectares** of protected area in the Dominican Republic for nature conservation →

Imprint

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