



RE ROYALTIES LTD.

2024 GREEN BOND FRAMEWORK

Investing in a cleaner greener future

14th Floor, 1040 West Georgia St,
Vancouver, BC, Canada V6E 4H1
Phone: 1.778.374.2000
Email: info@reroyalties.com

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TSX.V: RE
www.reroyalties.com

About Us

RE Royalties Ltd. is an innovative finance company specializing in the creation of stable, long-term and diversified cash flow streams from renewable and sustainable energy projects globally. We pioneered the application of royalty financing to renewable and sustainable energy investments, by providing a combination of short-term secured loans and/or acquiring long-term royalties.

Our mission is to provide innovative financing solutions that help fight climate change.

Our business model addresses a significant gap in the financing landscape for small-to-medium-sized renewable energy companies, both privately and publicly held. Despite the substantial growth in the renewable and sustainable energy sector, with investments reaching USD \$1.8 trillion in 2023¹, these companies are often under-served by traditional debt and equity markets. We provide flexible financing solutions tailored to the unique needs of growth oriented sustainability companies in this large and evolving market. We build long-term relationships with our clients to maintain control and ownership over their projects and providing our investors with a strong risk-adjusted return, stable distribution and growth.

Climate change is one of the most significant challenges of our time, and we recognize that innovation is required from all sectors, including the financial industry, to bring solutions to address this challenge.

Our Green Investments

As of Dec 31, 2023, our portfolio of green investments included 110 royalties from solar, wind, battery storage, renewable natural gas, and energy efficiency projects in Canada, the United States, Mexico and Chile. RE Royalties' Green Bonds offer investors a fixed and rewarding return in the growing renewable energy sector.

¹ BloombergNEF Energy Transition Investment Trends 2024



GREEN BONDS FRAMEWORK

Proceeds from our Green Bonds will be used to finance and/or refinance investments made in renewable energy, energy efficiency and management, and clean transportation.

Our Green Bonds Framework complies with the ICMA Green Bond Principles 2021 (and June 2022 Appendix), which contains the following four components:

- (1) Use of Proceeds,
- (2) Process for Project Evaluation and Selection,
- (3) Management of Proceeds and
- (4) Reporting.



We play an important role in the global sustainability movement, and we are working to accelerate the transition to a more sustainable future, while at the same time creating prosperity for our investors. The United Nations has established 17 Sustainable Development Goals (SDGs) which serve as the blueprint to achieve a better and more sustainable future for all.

Eligible Investments under our Green Bond Framework support the following SDGs:



now a part of
S&P Global

Dark Green
The Company received a Second-Party Opinion from S&P Global Ratings Shades of Green which gave the framework a rating of **Dark Green**, consistent with a low carbon climate resilient future.



USE OF PROCEEDS

The proceeds raised from RE Royalties' ongoing Green Bond program will be used exclusively to finance or refinance, in whole or in part, new or existing “Eligible Investments” as outlined in the categories below.

RENEWABLE ENERGY

SDG 3.9
SDG 7.2, 7.A 7.B
SDG 9.1, 9.3, 9.5, 9.A, 9.B
SDG 11.6
SDG 13.2, 13.3, 13.A
SDG 17.3



Investments related to the generation and supply of energy from renewable and low carbon sources including:

- Solar, wind, geothermal, ocean energy
- Hydro-electric (Small / Run of River)
- Hydro-electric (Large / Storage/ Pumped Storage) - Existing only
- Renewable Fuels, Bioenergy and Waste to Energy subject to sustainable feedstock limitations.

ENERGY EFFICIENCY AND MANAGEMENT

SDG 3.9
SDG 7.3, 7.A, 7.B
SDG 9.3, 9.4
SDG 13.1, 13.A
SDG 17.3



Investments related to activities that contribute to the reduction of energy consumption or help manage and store energy such as:

- Energy storage systems (e.g. battery-based).
- Energy efficiency (lighting, HVAC, etc)
- Smart grid and energy management / Internet-of-Things
- District energy systems, heat pumps
- Projects are focused on but not limited to commercial buildings, grid resiliency and renewables support, and replacement of diesel generators.

CLEAN TRANSPORTATION

SDG 3.9
SDG 9.1, 9.3, 9.4, 9.A
SDG 11.2, 11.6
SDG 13.1, 13.A
SDG 17.3



Investments related to low carbon transportation including:

- Zero-emission electric transportation (e.g. fully electric, hydrogen) including vehicles and supporting infrastructure.
- EV Charging, hydrogen fuelling infrastructure.
- Renewable Fuels subject to sustainable feedstock limitations.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The Company's executive management team ("Management") is responsible for evaluating and determining if an investment is an Eligible Investment under the Company's Green Bond Framework. Management will also periodically review and verify the suitability of such investments with the Company's Board of Directors. Eligible Investments will be evaluated based on several criteria including financial, operational, technical, market, legal, environmental, social, and governance factors. Management will also review and approve of any reporting to the Green Bond Investors and post issuance verification reports.

Project-specific environmental and social reviews assess potential impacts and risks such as those related to deforestation, habitat, fisheries and watershed management, waterways, indigenous rights, socioeconomic impacts, worker health and safety. The nature of risk assessments and mitigation approaches vary by technology type and jurisdiction. Third party reviewers and reports are leveraged where required to supplement internal expertise.

MANAGEMENT OF PROCEEDS

The proceeds received from the Green Bonds will be deposited into the Company's general account and an amount equal to the net proceeds will be earmarked for allocation to Eligible Investments. The Company's Chief Financial Officer will be responsible for monitoring the allocation of the proceeds to Eligible Investments. The Company maintains a Green Bond Register to record on an ongoing basis the receipt of Green Bond Proceeds and the allocation of net proceeds to Eligible Investments. The register is reviewed on a quarterly basis in conjunction with corporate financial reporting.

If an Eligible Investment matures (and is repaid) within the term of the Green Bond, this amount will become available for deployment into Eligible Investments and added to the Green Bond Register. This allocation will be reported in Green Bond Reports (as outlined below). Until allocated to Eligible Investments, funds are invested in cash or cash-like instruments (no ineligible technologies or sectors).

REPORTING

The Company will make Green Bond Reports available annually, including the allocation of funds to Eligible Investments and expected impacts of the underlying projects, until full allocation of the proceeds. The report will include a list and description of new investments on an individual basis, amounts allocated and expected project impacts. As Eligible Investments mature and funds are redeployed into new Eligible Investments, these projects will be described and reported.

IMPACT REPORTING

The Company's Green Bond reports will align with the ICMA Harmonised Framework for Impact Reporting (as applicable to the Company's investments and business model).

Examples of impact metrics that may be included are:

RENEWABLE ENERGY

- Total Installed Capacity (MW, MJ/s)
- Renewable Energy Production (MWh, MJ)
- Greenhouse gas emissions reduced/avoided (tCO₂e)

ENERGY EFFICIENCY AND MANAGEMENT

- Expected Energy savings per year (MWh/MJ)
- Greenhouse gas emissions reduced/avoided (tCO₂e)

CLEAN TRANSPORTATION

- Greenhouse gas emissions reduced/avoided (tCO₂e)
- Vehicle/Passenger/tonne-kilometres
- Reduction of air pollutants (kg, tonnes)

ALLOCATION REPORTING

The Company will list new Eligible Investments (since the last report), the current allocation of funds to each eligible category, percentage deployed by issuance series, and portion allocated to re-financing existing investments (if any). The Company will report on amounts repaid from maturing Eligible Investments and update the amount of available unallocated funds for deployment into new Eligible Investments. The Company monitors its investment portfolio on an ongoing basis. If a project type changes to another eligible category this will be updated at the next reporting cycle. If a project is no longer eligible, this will be disclosed in the next report and the funds will be re-allocated to another Eligible Investment.

4.3 EXTERNAL REVIEW

The Company has received a second party opinion from S&P Global Ratings Shades of Green which gave the framework a rating of **Dark Green**. The Company will also have a third party review the alignment of allocations in the Green Bond Reports with the Green Bond Framework.