



# Second-Party Opinion Ecoener Green Finance Framework

## Evaluation Summary

Sustainalytics is of the opinion that the Ecoener Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



**PROJECT EVALUATION / SELECTION** Ecoener’s Finance Department oversees the internal process for evaluating and selecting projects in line with the Company’s Sustainability Policy and the Framework’s eligibility criteria. The Management Committee has final approval. This process includes environmental and social risk assessment processes applicable to all allocation decisions under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Ecoener’s Treasury team will manage the allocation of proceeds to dedicated accounts. Ecoener intends to fully allocate all proceeds within 24 months of issuance. Unallocated proceeds will be held in cash, cash equivalents or invested at Grupo Ecoener’s discretion. This is in line with market practice.



**REPORTING** Ecoener intends to report on allocation and impact of proceeds on its website on an annual basis until full allocation. Reporting will include allocated amounts broken down by projects and expenditures, and the balance of unallocated proceeds. In addition, Ecoener is committed to reporting on relevant impact metrics. Sustainalytics views allocation and impact reporting as aligned with market practice.

<b>Evaluation date</b>	April 14, 2022
<b>Issuer Location</b>	A Coruña, Spain

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## Introduction

Grupo Ecoener S.A. (“Ecoener” or the “Company”) is a renewable energy producer with operations in the development, construction and maintenance of hydropower, wind and solar energy plants. The Company is headquartered in A Coruña, Spain and has projects under development and operation in Spain, Serbia, Georgia, Kenya, Colombia, Panama, Dominican Republic, Honduras, Ecuador and Guatemala.

Ecoener has developed the Ecoener Green Finance Framework (the “Framework”) under which it intends to issue green bonds, loans and promissory notes and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to increase the renewable energy output. The Framework defines eligibility criteria in one area:

### 1. Renewable Energy

Ecoener engaged Sustainalytics to review the Ecoener Green Finance Framework, dated April 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>1</sup> and the Green Loan Principles 2021 (GLP).<sup>2</sup> This Framework has been published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Ecoener’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Ecoener representatives have confirmed (1) they understand it is the sole responsibility of Ecoener to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Ecoener.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>.

<sup>3</sup> The Ecoener Green Finance Framework is available on Ecoener’s website at: <https://ecoener.es/en/cotizacion-en-tiempo-real/>.

<sup>4</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Ecoener has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Ecoener Green Finance Framework

Sustainalytics is of the opinion that the Ecoener Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of Ecoener's Green Finance Framework:

- Use of Proceeds:
  - The eligible category, Renewable Energy, is aligned with those recognized by the GBP and GLP. Sustainalytics notes that the proceeds of instruments issued under the Framework are expected to increase renewable energy output.
  - Ecoener has established a look-back period of no more than 30 months for its refinancing activities. Sustainalytics considers this to be in line with market practice.
  - Within the Renewable Energy category, Ecoener intends to finance and refinance renewable energy projects from solar, wind and hydropower sources. Ecoener has confirmed that hydropower projects will be limited to: (i) run-of-river projects, or (ii) with lifecycle carbon intensity of less than 50 gCO<sub>2</sub>e/kWh, or (iii) with power density greater than 10 W/m<sup>2</sup>. Sustainalytics considers these investments to align with market practice.
- Project Evaluation and Selection:
  - Ecoener's finance department is responsible for the evaluation and selection of projects, in line with Ecoener's Sustainability Policy and in line with the Framework's eligibility criteria. Ecoener's management committee has final approval of eligible projects is with the Management Committee.
  - Ecoener has environmental and social impact assessments procedures applicable to all allocation decisions made under the Framework. The procedures include impact risk minimization, protective measures, monitoring and tailor-made compensation measures to offset the possible impacts caused.
  - Based on environmental and social risk management processes in place, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Ecoener's Treasury Team will be responsible for the management and allocation of proceeds, and the CFO has final oversight. Proceeds will be allocated to dedicated accounts.
  - The Company intends to allocate all proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be held in cash, cash equivalents or invested at Ecoener's discretion.
  - Based on disclosure around management and temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Ecoener intends to report on the allocation of proceeds within its annual sustainability reporting. Reporting will include total allocated amounts broken down by projects and expenditures and the balance of unallocated proceeds.
  - The Company has committed to reporting on relevant impact metrics within annual sustainability reporting. Impact metrics will include increased renewable energy capacity (MW),

- increased renewable energy production (MWh) and annual GHG emissions avoided by operating projects (tCO<sub>2</sub>e).
- Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the Ecoener Green Finance Framework aligns with the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of Ecoener

### Contribution of framework to Grupo Ecoener's sustainability strategy

Sustainalytics recognizes that Ecoener's main business – renewable energy generation – integrates environmental sustainability in its core. Ecoener is dedicated to developing, building and managing hydroelectric power plants, wind farms and solar photovoltaic plants.<sup>5</sup> To ensure these projects are developed and operated sustainably Ecoener has developed a Sustainability Plan 2020-2023,<sup>6</sup> which defines the Company's main sustainability objectives: (i) protecting natural environment, (ii) ensuring safety of employees, (iii) respecting human rights in the local communities, and (iv) being a responsible business.<sup>7</sup>

As of 2021, Ecoener's owned assets total 171 MW installed capacity of renewable energy capacity in Spain, Honduras and Guatemala. The Company aims to increase its generation capacity to 882 MW by 2024. This target includes the development of several renewable energy projects in the Dominican Republic, Colombia, Panama and Ecuador. Additionally, Ecoener has a pipeline of potential projects with 1,527 MW generation capacity. As of 2022, Ecoener's investments in renewable energy have avoided 179,531 tCO<sub>2</sub>e of emissions and have replaced the consumption of 29,635 tonnes of oil.<sup>8</sup>

While Ecoener has outlined its broad sustainability initiatives, Sustainalytics encourages the Company to set time-bound, quantitative short and long-term targets that will further the Company's action on its key environmental priorities. Sustainalytics is of the opinion that the Ecoener Green Finance Framework is aligned with the company's overall sustainability initiatives and will further the Company's action on its key environmental priorities.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds, loans or promissory notes eventually issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is also aware that such eligible projects could lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity issues associated with large-scale renewable energy projects, human rights issues, occupational health and safety, and community relations.

Sustainalytics is of the opinion that Ecoener is able to manage or mitigate potential risks through implementation of the following:

- Ecoener has a Sustainability Policy in place, which states the Company's commitment to ensuring the management of ESG risks associated with its projects.<sup>9</sup> According to the Sustainability Report 2021, Ecoener conducts environmental impact assessments in the design phase of the projects to minimize adverse environmental impacts. During the construction and operation phase, the company carries out regular site visits to monitor the implementation of mitigation measures.
- The Company's Code of Conduct outlines its commitment to conducting responsible business activities, with respect to environmental protection, adverse risk mitigation, local community protection, respect for human rights and community relation management.<sup>10</sup>
- Regarding the protection of biodiversity, external experts conduct specific studies on birds and bats for wind farms throughout the construction and operation phases. During operation, monthly

<sup>5</sup> Ecoener, "Who are we", at: <https://ecoener.es/en/who-we-are/>

<sup>6</sup> Information provided to Sustainalytics by Ecoener.

<sup>7</sup> Ecoener, "2021 Results Presentation", (2022), at: <https://ecoener.es/wp-content/uploads/2022/02/20220228-2021-Results-Presentation.pdf>

<sup>8</sup> Ecoener, "Sustainability Report 2021", (2022), Document provided to Sustainalytics by Ecoener

<sup>9</sup> Ecoener, "Sustainability Report 2021", (2022), Document provided to Sustainalytics by Ecoener

<sup>10</sup> Ecoener, "Code of Conduct", (2020), at: <https://ecoener.es/wp-content/uploads/2020/06/ecoener-code-of-conduct.pdf>

collision monitoring and sampling is undertaken, to minimize harm for such species. Ecoener conducts assessments and monitoring for projects where flora and fauna are unique to the area and require particular attention. For hydroelectric power plants, Ecoener monitors river flows annually.<sup>11</sup>

- The Company's Human Rights Policy stipulates that Ecoener conducts human rights due diligence in all its activities and in all operating locations. The Company identifies, prevents, assesses and develops mitigation measures on potential human rights impacts throughout all phases of the project as part of the due diligence process. Any serious violations are reported to the relevant authorities.<sup>12</sup>
- For occupational health and safety, Ecoener has an external occupational risk prevention service agreement which ensures occupational health and safety risk prevention for all facilities. Additionally, Ecoener has several health and safety measures such as a preventive activity programme, a prevention plan, among others and within each facility, a risk assessment, preventive planning and a self-protection plan is developed.<sup>13</sup>
- For community relations, the Company has a Community Policy, which requires each project to identify and understand the local context of all communities around the site, especially indigenous peoples and vulnerable groups. The company strives to avoid negative impacts, initiates dialogue during all phases of the project, and applies a consultation process when necessary.<sup>14</sup>

Based on these policies, processes and assessments, Sustainalytics is of the opinion that Ecoener has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with the eligible category.

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with the four core components of the GBP and GLP. Sustainalytics has focused the below where the impact is specifically relevant.

#### Importance of renewable energy in achieving global climate goals

The International Energy Agency estimates that annual global energy demand will increase by 9% between 2019 and 2030.<sup>15</sup> Energy generation is one of the main GHG emitting sectors, according to the World Resources Institute, accounting for 76% of global GHG emissions.<sup>16</sup> In 2015, 193 countries adopted the Paris Agreement, a global pledge to reduce GHG emissions and to adapt to the impacts of climate change.

Scaling up renewable energy investments is one way to sharply reduce energy related CO<sub>2</sub> emissions.<sup>17</sup> In 2020, renewable energy production grew by 3% largely thanks to an increase in electricity generation from solar PV and wind.<sup>18</sup> Despite this increase, renewable energy represented only 11% of global energy consumed in 2019.<sup>19</sup> According to International Renewable Energy Agency (IRENA), renewables are expected to lead to a reduction in energy related GHG emissions by around 70% by 2050.<sup>20</sup> The road to achieving net zero by 2050 requires an annual addition of 630 GW of solar photovoltaics and 390 GW of wind by 2030.<sup>21</sup> IRENA estimates that to achieve the objectives of Paris Agreement, investment in renewable energy needs to reach USD 27 trillion in the 2016-2050 period.<sup>22</sup> Therefore, additional investments towards renewable energy is

<sup>11</sup> "Sustainability Report 2021", (2022), Document provided to Sustainalytics by Ecoener

<sup>12</sup> Ecoener, "Human Rights Policy", (2020), at: [https://ecoener.es/wp-content/uploads/2021/06/Policy-Human-Rights\\_Ecoener\\_EN\\_JUNE\\_2020.pdf](https://ecoener.es/wp-content/uploads/2021/06/Policy-Human-Rights_Ecoener_EN_JUNE_2020.pdf)

<sup>13</sup> Sustainability Report 2021 has been shared with Sustainalytics and reviewed confidentially

<sup>14</sup> Ecoener, "Community Relations Policy", (2020), at: [https://ecoener.es/wp-content/uploads/2021/06/Community-relations-policy\\_Ecoener\\_EN\\_JUNE-2020.pdf](https://ecoener.es/wp-content/uploads/2021/06/Community-relations-policy_Ecoener_EN_JUNE-2020.pdf)

<sup>15</sup> International Energy Agency, "World Energy Outlook 2020", at: <https://www.iea.org/reports/world-energy-outlook-2020>

<sup>16</sup> World Resources Institute, "4 Charts Explain Greenhouse Gas Emissions by Countries and Sectors", at: <https://www.wri.org/insights/4-charts-explain-greenhouse-gas-emissions-countries-and-sectors>

<sup>17</sup> IRENA, "Renewable energy and climate pledges: Five years after the Paris Agreement", (2020), at:

<https://www.irena.org/publications/2020/Dec/Renewable-energy-and-climate-pledges>

<sup>18</sup> IEA, "Global Energy Review", (2021), at: <https://iea.blob.core.windows.net/assets/d0031107-401d-4a2f-a48b9eed19457335/GlobalEnergyReview2021.pdf>

<sup>19</sup> UNEP, "Renewables Global Status Report", (2021), at: [https://www.ren21.net/wp-content/uploads/2019/05/GSR2021\\_Full\\_Report.pdf](https://www.ren21.net/wp-content/uploads/2019/05/GSR2021_Full_Report.pdf)

<sup>20</sup> IRENA, "People, Planet and Prosperity", (2019), at: <https://www.irena.org/publications/2019/Jul/People-Planet-and-Prosperity>

<sup>21</sup> IRENA, "Global energy transformation: A roadmap to 2050", at: [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Apr/IRENA\\_Global\\_Energy\\_Transformation\\_2019.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Apr/IRENA_Global_Energy_Transformation_2019.pdf)

<sup>22</sup> International Renewable Energy Agency (IRENA), "Investment Needs", at: <https://www.irena.org/financeinvestment/Investment-Needs>

required to meet the Paris Agreement goal of 65% of the total energy consumption being fulfilled by renewables by 2050 and to limit global temperature increase to well below 2°C, and ideally to 1.5°C.<sup>23</sup>

Based on the above context, Sustainalytics is of the opinion that Ecoener's investments in renewable energy projects is expected to promote the adoption of renewable energy and support global climate goals.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The instruments eventually issued under the Ecoener Green Finance Framework are expected to advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

## Conclusion

Ecoener has developed the Ecoener Green Finance Framework under which it may issue debt instruments such as green bonds, loans and promissory notes, and use the proceeds to finance and refinance renewable energy generation projects. Sustainalytics considers that the projects funded by the proceeds are expected to contribute to achieving global climate goals.

The Ecoener Green Finance Framework outlines a process for tracking, allocation and managing proceeds and makes commitments for Ecoener have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Ecoener Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds is expected to contribute to the advancement of UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Ecoener has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded.

Based on the above, Sustainalytics is confident that Grupo Ecoener S.A. is well positioned to issue green bonds and that the Ecoener Green Finance Framework is robust, transparent and is aligned with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

<sup>23</sup> International Renewable Energy, "A Renewable energy: a key climate solution", (2017) at: [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Nov/IRENA\\_A\\_key\\_climate\\_solution\\_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Nov/IRENA_A_key_climate_solution_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98)

## Appendices

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

Issuer name:	Grupo Ecoener S.A.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Ecoener Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	April 14, 2022
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> .	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify)</i> :                        |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

#### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy  | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> :   |

If applicable please specify the environmental taxonomy, if other than GBP:

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

Ecoener's Finance Department oversees the internal process for evaluating and selecting projects in line with the Company's Sustainability Policy and the Framework's eligibility criteria. The Management Committee has final approval. This process includes environmental and social risk assessment processes applicable to all allocation decisions under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market practice.

#### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available  Other (*please specify*):

#### Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification  In-house assessment
- Other (*please specify*):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Ecoener's Treasury team will manage the allocation of proceeds to dedicated accounts. Ecoener intends to fully allocate all proceeds within 24 months of issuance. Unallocated proceeds will be held in cash, cash equivalents or invested at Grupo Ecoener's discretion. This is in line with market practice.

#### Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

#### Additional disclosure:

- Allocations to future investments only  Allocations to both existing and future investments
- Allocation to individual disbursements  Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds  Other (*please specify*):

### 4. REPORTING

Overall comment on section (*if applicable*):

Ecoener intends to report on allocation and impact of proceeds on its website on an annual basis until full allocation. Reporting will include allocated amounts broken down by projects and expenditures, and the balance of unallocated proceeds. In addition, Ecoener is committed to reporting on relevant impact metrics. Sustainalytics views allocation and impact reporting as aligned with market practice.

#### Use of proceeds reporting:

- Project-by-project  On a project portfolio basis

- Linkage to individual bond(s)  Other (*please specify*):

**Information reported:**

- Allocated amounts  Green Bond financed share of total investment
- Other (*please specify*): *Balance of unallocated proceeds*

**Frequency:**

- Annual  Semi-annual
- Other (*please specify*):

**Impact reporting:**

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (*please specify*):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings  Energy Savings
- Decrease in water use  Other ESG indicators (*please specify*): increased renewable energy capacity (MW), increased renewable energy production (MWh)

**Frequency**

- Annual  Semi-annual
- Other (*please specify*):

**Means of Disclosure**

- Information published in financial report  Information published in sustainability report
- Information published in ad hoc documents  Other (*please specify*): Published on Ecoener's website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

## Disclaimer

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