



Second-Party Opinion Greenalia Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Greenalia 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 Green Loan Principles. Sustainalytics considers that investments in the eligible category are expected to support the clean energy transition in Spain and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION / SELECTION Greenalia’s management committee is responsible for evaluating and selecting projects in line with the eligibility criteria in the Framework and Greenalia’s internal policies on project development. The management committee is composed of Greenalia’s management and executive team. Greenalia has a dedicated environmental and social risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers this risk management process to be strong and to be aligned with market best practice, and further considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Greenalia’s Finance team will be responsible for the management and allocation of proceeds using a portfolio approach, with oversight from the CFO. Greenalia intends to allocate all proceeds within one year of issuance. Pending allocation, proceeds will be temporarily held in cash or cash equivalents in Greenalia’s treasury portfolio. This is in line with market practice.



REPORTING Greenalia intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated for development, engineering, procurement, construction, operation, and maintenance of the renewable energy projects, the balance of unallocated proceeds, and the share of financing versus refinancing. In addition, Greenalia is committed to reporting on relevant impact metrics. Sustainalytics views Greenalia’s allocation and impact reporting as aligned with market practice.

Evaluation Date November 30, 2021

Issuer Location A Coruña, Spain

Report Sections

Introduction..... 2
 Sustainalytics’ Opinion 3
 Appendices 8

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Introduction

Greenalia S.A. (“Greenalia” or the “Company”) is a pure-play renewable energy producer with operations across Europe and the US. Established in 1996, Greenalia is headquartered in A Coruña, Spain. The Company produces renewable energy from wind, solar, and biomass from certified plantation residues. Greenalia has been listed on the Spanish Alternative Stock Exchange (BME Growth) since 2017 and has approximately 110 employees. The Company owns a project portfolio with an operational output of 124.6 MW.

Greenalia has developed the Greenalia Green Finance Framework (the “Framework”) under which it intends to issue debt instruments, such as 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 support the clean energy transition in Spain and advance the Company’s sustainability strategy. The Framework defines eligibility criteria in one green area:

1. Renewable Energy

Greenalia engaged Sustainalytics to review the Greenalia Green Finance Framework, dated November 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and Green Loan Principles 2021 (GLP)². The Framework has been published in a separate document.³

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ 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 Greenalia’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. Greenalia representatives have confirmed that: (1) they understand it is the sole responsibility of Greenalia to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) 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 Greenalia.

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

¹ 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/>.

² 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.lma.eu.com/application/files/9716/1304/3740/Green_Loan_Principles_Feb2021_V04.pdf.

³ The Greenalia Green Finance Framework is available on Greenalia’s website at: <https://www.greenalia.es/sostenibilidad/>.

⁴ 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.

projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the 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 realized allocation of the bond 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 Greenalia has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Greenalia Green Finance Framework

Sustainalytics is of the opinion that the Greenalia 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 Greenalia'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 investments in the eligible category are expected to support the clean energy transition in Spain.
 - Within the Renewable Energy category, Greenalia may use the proceeds to finance or refinance the development, operation and maintenance of renewable energy generation projects related to solar, wind, and biomass, and battery energy storage systems. Sustainalytics considers the financing of renewable energy and energy storage projects to be in line with market practice.
 - Greenalia has confirmed to Sustainalytics that waste biomass projects will be limited to feedstock from forestry residues. Sustainalytics notes positively Greenalia's use of waste feedstock from plantations recognized under third-party certification systems such as the Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC), and Madera Justa. Please see Appendix 1 for an overview of these forestry certification schemes.
 - Additionally, Greenalia has informed Sustainalytics that proceeds from the first issuance will be used solely to finance the development of three wind farms with a total operational capacity of 110 MW in Galicia, Spain.
- Project Evaluation and Selection:
 - Greenalia's management committee is responsible for evaluating and selecting projects in line with the Framework's eligibility criteria and Greenalia's internal policies on project development. The management committee is composed of Greenalia's management and executive team.
 - Greenalia undertakes environmental and social impact assessments to ensure that environmental and social risks associated with the projects financed have been assessed and appropriate mitigation measures have been implemented. The Company's risk assessment process is applicable to all allocation decisions made under the Framework. Sustainalytics considers this risk assessment and mitigation process to be strong and to be aligned with market best practice. For additional details see Section 2.
 - Based on the involvement of Greenalia's senior management and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Greenalia's Finance team will be responsible for the management and allocation of proceeds, with oversight from the Company's CFO. The Finance team will manage the proceeds on a portfolio basis using Greenalia's internal tracking and accounting system.

- Greenalia intends to allocate all proceeds within one year of issuance. Pending full allocation, proceeds will be temporarily held in cash or cash equivalents in the Company's treasury portfolio.
- Based on the use of an internal tracking system and disclosure around temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Greenalia intends to report on the allocation proceeds in its annual Sustainability Report on its website annually until full allocation. Allocation reporting will include the amount allocated for development, engineering, procurement, construction, operation and maintenance of the renewable energy projects, the balance of unallocated proceeds, and share of financing versus refinancing.
 - In addition, the Company is committed to reporting on relevant impact metrics in its annual Sustainability Report or separate impact reports. These metrics may include increase in renewable energy capacity (MW), increase in the production of renewable energy (MW), and annual GHG emissions avoided by the projects in operation (tCO₂e).
 - Based on the commitment to both impact and allocation reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Greenalia Green Finance Framework aligns with the four core components of the GBP and GLP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Greenalia

Contribution of framework to Greenalia's sustainability strategy

Sustainalytics is of the opinion that, as a developer and operator of renewable energy projects, Greenalia's overall business model is supportive of positive environmental outcomes. The Company focuses on developing and operating five renewable technologies: onshore wind power, floating offshore wind power, solar photovoltaic, storage and biomass. As of 2021, the Company's projects have a combined operational output of 124.6 MW and an additional 3,213 MW of planned capacity in the pipeline. By the end of 2020, Greenalia had invested EUR 230 million in the energy transition to a low-carbon economy.

In 2019, Greenalia developed its Sustainability Plan 2019-2023 (the "Strategic Plan") in which the Company defined qualitative and quantitative time-bound targets for its key focus areas: (i) Energy Transition and Climate Change, (ii) Circular Economy and (iii) Biodiversity.

The Company reports on its scope 1, 2 and 3 GHG emissions, in accordance with the GHG Protocol Corporate Standard, and obtains independent verification on this reporting. Under the Strategic Plan, Greenalia achieved a 60% reduction in total scope 1, 2 and 3 emissions measured in tCO₂e/EUR 1,000 (EBITDA) in 2020. This was largely driven by an increase in its share of electricity from renewable sources to 100%, thereby achieving its 2023 target ahead of time. Greenalia also monitors its energy, water and waste consumption and reports on these metrics in its sustainability reporting.⁵

Additionally, in line with its commitment to source only sustainable certified wood for its biomass plants by 2023, Greenalia promotes sustainable forestry certifications among its timber suppliers, most of which are unable to afford individual certifications due to their small scale. The Company supports these suppliers by providing financing for certifications, which are audited and awarded at a group level. Each group includes more than 2,000 members, with 96.5% being smaller than 100 hectares. The Company sources 100% of its wood from managed sources, and 85% from Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC)⁶ certified sources.⁷

Sustainalytics is of the opinion that the Greenalia Green Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

⁵ Ibid.

⁶ FSC and PEFC are robust and credible certification schemes that ensures responsible forest management practices are followed and maintained. These include soil health, water and fire management, biodiversity management and riparian area protection amongst others.

⁷ Ibid.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds, loans and promissory notes issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also 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 development, water use, waste and effluents generated in construction, community relations and occupational health and safety.

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

- Greenalia conducts environmental and social impact assessments for its energy generation assets to identify and address potential environmental and social issues. These assessments are conducted by a multidisciplinary team of independent experts during each phase of a project: construction, operation, maintenance, and decommissioning. Under the impact assessments, the Company analyzes and evaluates the potential impact on protected areas, fauna, flora and cultural heritage, birds and natural habitats, human health, hydrology and areas of ecological value. The resultant environmental impact statement and environmental impact report inform the selection of project location and the protection measures that the Company will implement through an environmental monitoring and surveillance programme.⁸
- Greenalia recognizes biodiversity as a priority area for risk mitigation and follows the International Union for Conservation of Nature Red List of Threatened Species or other respective national and regional conservation catalogues to identify protected species during the construction phase of all its projects. In 2020, the Company signed the agreement for the conservation and recovery plan for *Centaurea ulreiae* in the Monte Castelo area, with a key objective to minimize the possible impact on this species and promote its conservation.⁹
- To minimize and manage the waste generated from its operations, Greenalia monitors and classifies waste generation in its facilities in accordance with the European Waste List. During the 2019-2020 financial year, the Company sent nearly 100% of all waste generated to legally authorized waste handlers for recycling and reuse, and other appropriate treatments to enable their recovery and appropriate environmental management.¹⁰ Additionally, Greenalia only engages with contractors that are certified under environmental management systems for construction-related activities and also monitors their environmental performance.¹¹
- Greenalia seeks to establish an open dialogue with local communities throughout all phases of project development, focusing on timely identification and mitigation of risks.¹² To minimize and mitigate potential socio-economic impacts that Greenalia's project development activities may cause, the Company establishes various communication channels for the community to express their views and concerns and is committed to incorporating such feedback into its operational systems and business decisions whenever possible.¹³
- Greenalia conducts a periodic assessment to identify potential occupational health and safety risks, and design preventive measures. The Company regularly monitors its project areas to ensure a safe working environment and implements the necessary measures to reduce the risk and potential consequences of accidents at its project sites. Greenalia also provides training to all personnel to ensure the effective performance of their duties and compliance with health and safety regulations.¹⁴

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

⁸ Greenalia, "Wind of Change. Sustainability Report 2020", at: https://www.greenalia.es/docs/memoria-sostenibilidad/UV_Informe_sostenibilidad_INGLES.PDF

⁹ Ibid.

¹⁰ Ibid.

¹¹ Greenalia, "Environmental Policy" (2019), at: <https://www.greenalia.es/docs/politicas/Environmental%20Policy%20ENG.pdf>

¹² Based on the Greenalia Green Finance Framework

¹³ Greenalia, "Social Policy" (2019), at: <https://www.greenalia.es/docs/politicas/Social%20Policy%20ENG.pdf>

¹⁴ Ibid.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP and is relevant in the local context.

Contribution of renewable energy to climate change mitigation in Spain

The energy sector was responsible for 77% of the EU's GHG emissions in 2019.¹⁵ According to the International Renewable Energy Agency, the widespread adoption of renewable energy sources could deliver 60% of energy-related CO₂ emissions reduction.¹⁶ In this context, increasing the share of renewables in the EU's energy mix is expected to play a fundamental role in achieving its climate neutrality target by 2050.¹⁷ To facilitate the road to climate neutrality, the EU has set an interim target of a 55% reduction in GHG emissions compared to 1990 levels by 2030. At the same time, the EU also committed to increasing its share of renewable energy in total energy consumption to 32% by 2030.¹⁸

In July 2021, the European Commission proposed increasing its share of renewables to 40% by 2030 to ensure that the potential for renewable energy to achieve GHG emissions reduction is optimally exploited.¹⁹ However, the share of renewables in the EU stood at 19.7% in gross final energy consumption in 2019²⁰, and the International Energy Agency reports that the EU is not yet on track to achieve the 2030 target of 32%.²¹ Therefore, investments to support and finance new renewable power projects are critical to increasing the uptake of renewable energy sources across the EU and meeting the EU's climate goals.

As a member state of the EU, Spain is bound by the EU's energy and climate change related targets. In line with these commitments, Spain has established the Integrated National Energy and Climate Plans (the "Plan") for 2021-2030. In its Plan, the government has set objectives to achieve a 23% reduction in GHG emissions from 1990 levels, a 42% share of renewables in energy end-use, and a 74% share of renewables in electricity generation.²² The Spanish government estimates an additional 59 GW of renewable energy capacity must be installed by 2030 to achieve the targeted level of decarbonization. Furthermore, achieving the targets set under the Plan would require an investment of EUR 91 billion in renewable energy generation, 80% of which would need to be made by the private sector, according to estimates by the Spanish government.²³

Based on the above context, Sustainalytics is of the opinion that Greenalia's investments in renewable energy projects offer the potential to increase low-carbon energy production and contribute to Spain's Integrated National Energy and Climate Plans, and the European Green Deal.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) 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 Greenalia 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

¹⁵ UNFCCC, "Summary of GHG Emissions for European Union (Convention)", at: https://di.unfccc.int/ghg_profiles/annexOne/EUA/EUA_ghg_profile.pdf

¹⁶ IRENA, "Global Energy Transformation: A Roadmap to 2050 (2019 Edition)", at: <https://www.irena.org/publications/2019/Apr/Global-energy-transformation-A-roadmap-to-2050-2019Edition>

¹⁷ European Commission, "European Green Deal", at: https://ec.europa.eu/clima/eu-action/european-green-deal_en

¹⁸ UNFCCC, "Summary of GHG Emissions for European Union (Convention)", at: https://di.unfccc.int/ghg_profiles/annexOne/EUA/EUA_ghg_profile.pdf

¹⁹ European Commission, "Renewable Energy Directive", (2021), at: https://ec.europa.eu/energy/topics/renewable-energy/directive-targets-and-rules/renewable-energy-directive_en

²⁰ European Commission, "Share of renewable energy in the EU up to 19.7% in 2019", (2020) at: https://ec.europa.eu/info/news/share-renewable-energy-eu-2020-dec-18_en

²¹ IEA, "European Union 2020. Energy Policy Review", at: https://iea.blob.core.windows.net/assets/ec7cc7e5-f638-431b-ab6e-86f62aa5752b/European_Union_2020_Energy_Policy_Review.pdf

²² European Commission, "Integrated National Energy and Climate Plan 2021-2030 - Spain", (2020), at: https://ec.europa.eu/energy/sites/ener/files/documents/es_final_necp_main_en.pdf

²³ European Commission, "Renewable Energy Directive", (2021), at: https://ec.europa.eu/energy/topics/renewable-energy/directive-targets-and-rules/renewable-energy-directive_en

Conclusion

Greenalia has developed the Greenalia Green Finance Framework under which it may issue debt instruments, such as green bonds, loans and promissory notes, and use the proceeds to finance renewable energy generation projects. Sustainalytics considers that the projects funded by the proceeds are expected to support the clean energy transition in Spain.

The Greenalia Green Finance Framework outlines a process for tracking, allocating and managing proceeds, and makes commitments for Greenalia to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Greenalia Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds category will contribute to advancing the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Greenalia has adequate measures to identify, manage or mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Greenalia is well positioned to issue green bonds, loans and promissory notes, and that the Greenalia Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: Overview of Referenced Forestry Certifications

	FSC ²⁴	PEFC ^{25,26}	Madera Justa ²⁷
Background	Founded in 1993 after the 1992 Earth Summit in Rio failed to produce any international agreements to fight against deforestation, FSC aims to promote sustainable forest management practice.	PEFC was founded in 1999 in response to the specific requirements of small- and family forest owners as an international umbrella organisation providing independent assessment, endorsement and recognition of national forest certification systems.	Madera Justa (Fair Trade Standard) for the forestry sector entered into force in September 2013. The Madera Justa seal guarantees the end consumer that the products they are purchasing come from sustainably managed forests, that the marketing is carried out under the ethical criteria of Fair Trade and that the rights of the worker are respected.
Basic Principles	<ul style="list-style-type: none"> • Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations 	<ul style="list-style-type: none"> • Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and no-wood) • Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socioeconomic functions and conditions • Compliance with legal requirements 	<ul style="list-style-type: none"> • System to ensure legality • Traceability of the chain of custody • Labour Standards • Social Development • Fair Trade Standard • Environmental Standard
Governance	The General Assembly, consisting of all FSC members, constitutes the highest decision-making body. At the General Assembly, motions are proposed by one member, seconded by two more, and deliberated and voted on by all members. Members are entitled to	PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders.	Through the COPADE Foundation, the Madera Justa platform is part of numerous national and international networks. Platform partners and certified companies can take advantage of the benefits that this wide network of contacts can provide and develop synergies within its networks with actors

²⁴ Forest Stewardship Council, FSC: <https://ca.fsc.org/en-ca>

²⁵ The Brazilian Forest Certification Program (CERFLOR) was formally endorsed by PEFC in 2005. As such, Sustainalytics' analysis of PEFC's framework, guidelines and credibility can be applied to CERFLOR. See more at: <https://www.pefc.org/discover-pefc/our-pefc-members/national-members/brazilian-forest-certification-programme-cerflor>.

²⁶ Programme for the Endorsement of Forest Certification, PEFC: <https://www.pefc.org/>

²⁷ COPADE Foundation, Madera Justa: <https://maderajusta.org/certificacion/que-certifica-el-sello-madera-justa/>

	<p>vote to amend the bylaws, initiate new policies, and clarify, amend or overturn a policy decision by the board.</p> <p>Members apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers.</p> <p>Each chamber holds 33.3% of the weight in votes, and within each chamber the votes are weighted so that the North and South hold an equal portion of authority, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p> <p>The votes of all individual members in each sub-chamber represent 10% of the total vote of the sub-chamber, while the votes of organisational members make up the other 90%.</p> <p>The members vote for the board of directors, which is accountable to the members. There is an international board elected by all members and a US board, elected by the US-based members.</p>	<p>Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.</p> <p>The Board of Directors supports the work of the GA and together the GA and the Board make the formal approval of final draft standards. Standards are developed by working groups.</p> <p>In general, PEFC’s governance structure is more representative of industry and government stakeholders than of social or environmental groups, which gives industry and governments more influence in the decision-making process. However, the organisation does include stakeholders from all sectors.</p>	<p>from a wide range of backgrounds and sectors.</p>
<p>Scope</p>	<p>FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardisation (Guide 59)²⁸ and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>Madera Justa is a work platform with more than 60 partners between companies, social organizations, universities and public administrations. The platform was created with the aim of promoting the conservation of forests and the eradication of poverty through the responsible consumption of forest products made under Fair Trade conditions and with the FSC seal. between citizens and public, social and economic agents.</p>
<p>Chain-of-Custody</p>	<ul style="list-style-type: none"> • The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards. • CoC standard includes procedures for tracking wood origin. • CoC standard includes specifications for the physical separation of certified and 	<ul style="list-style-type: none"> • Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC. • Only accredited certification bodies can undertake certification. 	<ul style="list-style-type: none"> • Organizations must guarantee that the products carry Madera Justa label is always sold with its corresponding Madera Justa declaration in the documentation of sale and delivery

²⁸ ISO, ISO/IEC Guide 59:2019: <https://www.iso.org/standard/23390.html>

	<p>non-certified wood, and for the percentage of mixed content (certified and non-certified) of products.</p> <ul style="list-style-type: none"> CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC. 	<ul style="list-style-type: none"> CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials. The CoC standard includes specifications for the physical separation of certified and non-certified wood. The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody. 	
<p>Non-certified wood sources</p>	<p>FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <ol style="list-style-type: none"> Illegally harvested wood, including wood that is harvested without legal authorisation, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others, Wood harvested in violation of traditional and civil rights, Wood harvested in forests where high conservation values are threatened by management activities, Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses, Wood from management units in which genetically modified trees are planted. 	<p>The PEFC's Due Diligence System requires participants to establish systems to minimise the risk of sourcing raw materials from:</p> <ol style="list-style-type: none"> forest management activities that do not comply with local, national or international laws related to: <ul style="list-style-type: none"> operations and harvesting, including land use conversion, management of areas with designated high environmental and cultural values, protected and endangered species, including CITES species, health and labor issues, indigenous peoples' property, tenure and use rights, payment of royalties and taxes. genetically modified organisms, forest conversion, including conversion of primary forests to forest plantations. 	<p>Percentage system is the Chain of Custody system applied to the Mixed Madera Justa outputs so that these can be sold with a declaration of percentages that corresponds to the proportion Fair Wood certified inputs used for its manufacture. Only products with Fair Wood declaration those in which the non-certified Madera Justa inputs are made of Wood Controlled (according to current FSC standard)</p>

<p>Accreditation/verification</p>	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit every year and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>	<p>Accreditation is carried out by an accreditation body (AB). Like a certification body checks a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>	<p>The audits carried out by an independent third party are carried out by certifying entities. Currently the Madera Justa system has two entities for third party auditing: SGS and RINA IBERICA SL, both in the process of accreditation by the system.</p>
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Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Greenalia S.A.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Greenalia Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 30, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize 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 nd 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 Green Loan Principles. Sustainalytics considers that investments in the eligible category are expected to support the clean energy transition in Spain 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):

Greenalia’s management committee is responsible for evaluating and selecting projects in line with the eligibility criteria in the Framework and Greenalia’s internal policies on project development. The management committee is composed of Greenalia’s management and executive team. Greenalia has a dedicated environmental and social risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers this risk management process to be strong and to be aligned with market best practice, and further considers the project selection process to be 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*):

Greenalia's Finance team will be responsible for the management and allocation of proceeds using a portfolio approach, with oversight from the CFO. Greenalia intends to allocate all proceeds within one year of issuance. Pending allocation, proceeds will be temporarily held in cash or cash equivalents in Greenalia's treasury portfolio. 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*):

Greenalia intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated for development, engineering, procurement, construction, operation and maintenance of the renewable energy projects, balance of unallocated proceeds, and share of financing versus refinancing. In addition, Greenalia is committed to reporting on relevant impact metrics. Sustainalytics views Greenalia's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): <i>share of financing versus refinancing</i> | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): renewable energy capacity (MW), increase in the production of renewable energy (MW) |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (<i>please specify</i>): |
| <input type="checkbox"/> 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.)

<https://www.greenalia.es/sostenibilidad/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd 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 Finance 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 Finance 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 Finance 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.

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