

Second-Party Opinion

Greenergy Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Greenergy 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 (the "Principles"). This assessment is based on the following:



USE OF PROCEEDS Greenergy intends to use the proceeds from issuances to finance projects in one category, Renewable Energy. Sustainalytics notes that the positive impact of expanding renewable energy capacity and considers that the eligible investments will contribute to advancing UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION / SELECTION Greenergy's internal process in evaluating and selecting projects is managed by the Management Committee, which is comprised of the CEO, CFO, Merger and Acquisition (M&A) Director, Investor Relations and Communication Director, and Head of the Legal Department. Greenergy's risk assessment and mitigation process are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management processes to be adequate and aligned with market expectation.



MANAGEMENT OF PROCEEDS The proceeds of Greenergy's green finance instruments will be credited to a separate account and managed by the Treasury team, under the supervision of the CFO. Pending full allocation, the proceeds may be temporarily invested in Greenergy's treasury liquidity portfolio, in the form of cash and/or cash equivalents. This is aligned with market practice.



REPORTING Greenergy intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Greenergy's Sustainability Report will provide allocation reporting including the total amount of investments and expenditures in renewable energy, the amounts or shares of proceeds allocated to general corporate expenses and M&A operations, as well as the balance of unallocated proceeds. Greenergy has also committed to reporting on relevant impact metrics. Sustainalytics views Greenergy's allocation and impact reporting as aligned with market practice.



Evaluation date August 26, 2021

Issuer Location Madrid, Spain

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For inquiries, contact the Sustainable Finance Solutions project team:

Jhankrut Shah (Toronto)
Project Manager
jhankrut.shah@sustainalytics.com
(+1) 647 264 6641

Aoife McCarthy (Amsterdam)
Project Support

Darshna Jha (Mumbai)
Project Support

Keerthana Gopinath (Mumbai)
Project Support

Enrico Tessadro (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Grenergy Renovables SA (“Grenergy”, or the “Company”) is an independent power producer with operations in the development, construction, operation and maintenance of solar and wind energy projects. Founded in 2007 and headquartered in Spain, the Company also operates in Mexico, Chile, Peru, Colombia, Argentina, UK, Spain and Italy.

Grenergy has developed the Grenergy 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 increase the share of renewable energy.. The Framework defines eligibility criteria in one area:

1. Renewable Energy

Grenergy engaged Sustainalytics to review the Grenergy Green Finance Framework, dated July 2021, and provide this Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and the 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 LSTA⁵;
- 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 1.10, 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 Grenergy’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. Grenergy representatives have confirmed (1) they understand it is the sole responsibility of Grenergy 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 Grenergy.

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

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

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 Grenergy Green Finance Framework is available on Grenergy Renovables SA’s website at: <https://grenergy.eu/en/>

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.

⁵ In addition to the Loan Markets Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

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 Grenergy has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

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

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

Use of Proceeds:

- The eligible category, Renewable Energy, is aligned with those recognized by the GBP and GLP.
- Grenergy intends to use the issuances under this Framework to finance the growth of its portfolio either by directly financing projects that make part of its business expansion or through merger and acquisitions of companies engaged in activities that comply with the criteria set forth in the Framework.
 - Storage technologies include electrochemical storage, such as battery energy storage systems and chemical storage in the form of green hydrogen produced from renewable energy.
- Sustainalytics is of the opinion that the investments financed by issuances under this Framework will deliver positive environmental impact in the markets in which Grenergy operates and that financing projects with the specified technologies is aligned with market practice.

Project Evaluation and Selection:

- Grenergy's Management Committee will run an internal process for evaluation and selection of eligible projects. The Management Committee is comprised of the CEO, CFO, M&A director, the director of investor relations and communication, and the head of the Legal Department.⁶
- Grenergy has a risk assessment and mitigation process in place which will apply to all allocation decisions made under the Framework, and includes financial, environmental, technical, legal, and social analyses. Sustainalytics considers this process to be adequate and aligned with market expectation. For additional, details see Section 2.
- Based on the management committee's stewardship under the Framework, Sustainalytics considers this process to be in line with market practice.

Management of Proceeds:

- The proceeds of the green finance instruments issued under the Framework will be credited to a dedicated account and managed by Grenergy's treasury team, under the supervision of the Company's CFO. This process is aligned with market practice.
- Pending full allocation, the proceeds may be temporarily invested in Grenergy's treasury liquidity portfolio, in the form of or cash equivalents.
- Grenergy intends to allocate net proceeds from bonds to eligible projects within three years of issuance, which aligns with the GBP.
- Based on the processes for tracking, allocation timeframe and temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.

⁶ Grenergy website, "Governing bodies", at: <http://grenergy.eu/en/governing-bodies/>

Reporting:

- Grenergy intends to report on the allocation of proceeds and associated impact metrics on its annual sustainability report until full allocation. The report will include the total amount of investments and expenditures in green projects of renewable energy, the amounts or percentages of proceeds allocated to general corporate expenses and M&A operations, as well as the balance of unallocated proceeds.
Impact reporting will include impact metrics such as including the increase in production of renewable energy (MW), the increase in production of renewable energy (MWh), and the annual GHG emissions avoided by the projects in operation (tCO₂e).
- 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 Grenergy Green Finance Framework to be aligned 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 Performance of Grenergy**Contribution of Framework to Grenergy's sustainability strategy**

Grenergy is an independent renewable energy producer focusing on development, construction, operation and maintenance of large-scale wind and solar plants. Grenergy has been operating in this market since its inception in 2007. As of 2021, the Company has solar and wind operations in the EU in Spain and Italy, as well as in the UK, Mexico, Chile, Peru, Colombia and Argentina. Error! Bookmark not defined. The Company's projects have a combined operational output of 198 MW and an additional 300MWp of capacity under its management.⁷

Grenergy formulated its ESG Roadmap 2021-2023 by first carrying out a materiality assessment, which identified the top ESG priorities among stakeholders. This assessment was then used to determine objectives for the Company's Sustainability Policy⁸ and to identify key areas of focus. The Company's ESG Action Plan 2021,¹⁰ overseen by its Sustainability Committee, includes objectives related to governance, business strategy, risk management, and impacts.¹⁰ The ESG Action Plan 2021 also includes policies on sustainability, human rights, procurement, harassment, gender equality and a social action plan, as well as a commitment to report quarterly on progress made in areas that include environmental and social risk management, mitigation measures and plans reassessed.¹⁰

The Company reports on its scope 1 and scope 2 GHG emissions, in accordance with the GHG Protocol Corporate Standard⁹ and obtains independent verification on this reporting. Under Grenergy's ESG Action Plan 2021, the Company aims to reduce total scope 1 and 2 emissions by 55% (1.98tCo2 GWh) before 2030. This target will be achieved through reducing the emissions needed to generate electricity, by changing the electricity supply to renewable sources, replacing the Company's car fleet to hybrid or electric models and adopting other energy efficiency measures.¹⁰ Grenergy's second goal in line with these targets includes achieving net-zero emissions in scope 1 and scope 2 emissions by 2050. Additionally, Grenergy monitors its energy, water and waste consumption and reports on these metrics within its sustainability reporting.

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

Well positioned to address common 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 project

⁷ Grenergy website, About Us at: <https://grenergy.eu/en/about-us/>

⁸ Grenergy Renovables, "Sustainability Policy 2019", (2020), at: <https://grenergy.eu/wp-content/uploads/2020/10/200622-Sustainability-policy.pdf>

⁹ The GHG Protocol Corporate Standard, at: [ghg-protocol-revised.pdf](https://ghgprotocol.org/ghg-protocol-revised.pdf) (ghgprotocol.org)

development, waste generated in construction, occupational health and safety, and community relations issues.

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

- Grenergy has a Sustainability Policy in place, whereby the Company takes a preventive approach and has control mechanisms for managing the risks and impacts of its operation.⁸ In addition, Grenergy carries out environmental impact assessments (EIA) of its projects to analyze the environmental aspects that could be affected during all phases of each project: construction, operation, maintenance and the final dismantling phase.¹⁰ Under the EIA, the Company identifies and assesses impacts on the atmosphere, soil, water, vegetation, habitats, fauna, the historical-archaeological heritage, and the landscape.¹⁰ For each environmental aspect, the Company defines protection measures for each phase of a project, and implements measures to offset the impacts that could not be avoided.¹⁰
- In order to manage biodiversity risks, Grenergy identifies the presence of species of protected status according to the Red List of Threatened Species of the International Union for Conservation of Nature or included in respective national conservation catalogues for all of its projects.¹⁰
- To minimize waste generation, the Company monitors waste generation in its facilities and carries out a global control of generated waste, hazardous waste and recycled waste, with either material recovery or recycling.¹⁰
- Regarding worker health and safety, Grenergy has a health and safety policy which promotes the adoption of preventative measures and provides a safe and respectful work environment for employees.¹¹ Within its Sustainability Policy, the Company ensures the safety of all workers, employees and subcontractors, through the use of specific prevention procedures.¹⁰ In Spain, for example, the Company uses an external risk prevention service to perform assessments of the working environment and establishes prevention measures, a preventive action plan and an emergency measures plan.¹⁰ In Chile, the company applies an Internal Regulation of Order, Hygiene and Safety applicable to subcontractor companies, which guarantees a safe work environment and promotes a culture of risk prevention.¹⁰ In the case of field operations, the Company prepares detailed health and safety plans for each of its projects and has personnel from the local community specialized in occupational risk prevention.¹⁰ In addition, the Company also conducts regular health and safety training for its employees and subcontractors.¹⁰
- Regarding community relation issues, the Company engages with the local community during all stages of a project, including development, construction, operation and maintenance.¹⁰ The Company has also established a feedback mechanism and grievance channels for addressing the concerns raised by local communities.¹⁰ During 2020, the Company held 189 meetings with local communities, with 341 people attending these meetings.¹⁰
- Grenergy has established principles within its Business Code of Ethics that are based on respect for labour rights, ensuring health and safety for all employees, protecting the environment and on social commitment.¹¹ The Company also has a human rights policy in place, which incorporates international and European laws, such as the International Bill of Human Rights of the United Nations Organization, the fundamental conventions of the International Labor Organization (ILO), the ILO Declaration on Fundamental Principles and Rights at Work, and the European Convention on Human Rights.¹⁰

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

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 in the local context.

Contribution of Renewable Energy to climate change mitigation in Europe and South America

¹⁰ Grenergy, "Sustainability Report 2020", at: <https://grenergy.eu/wp-content/uploads/2021/05/Sustainability-Report-2020-ENG.pdf>

¹¹ Grenergy, "Business Code of Ethics", at: <https://grenergy.eu/wp-content/uploads/2019/09/codigo-etica-empresarial-grenergy-renovables.pdf>

As the world's population continues to increase to an estimated 8.5 billion by 2030,¹² energy use is expected to rise. The International Energy Agency (IEA) estimates that annual global energy demand will increase by 9% between 2019 and 2030, despite the recent decrease in demand from COVID-19 related economic contractions.¹³ According to the IEA, the energy sector accounts for 75% of global greenhouse gas emissions.¹⁴ Although, renewable energy experienced strong growth worldwide in 2019, accounting for almost 25% of global electricity generation, the rate of deployment must be ramped up to meet Paris climate goals,¹⁵ which would require the share of low-carbon energy sources to increase to 65-70% of worldwide primary energy demand by 2050.¹⁶ The road to achieving net zero by 2050 requires an annual addition of 630 GW of solar photovoltaics and 390 GW of wind by 2030.¹⁷ Growing renewable energy capacity will further require increasing system flexibility, further supported by increasing energy storage capabilities.¹⁸

In Europe, the energy sector accounts for 75% of the EU's GHG emissions.¹⁹ In order to reduce GHG emissions, the European Green Deal set a 2050 target for climate neutrality requiring 55% emissions reduction and a 32% share of renewable energy by 2030.²⁰ The share of renewable energy in Europe in 2019 was 34.6%,²¹ but it is required to increase to 38-40% by 2030 in order to meet the 55% emissions reduction target.²² Therefore, increasing the share of renewable energy generation has the potential to have significant impact in meeting Europe's climate goals.

Across the Atlantic, South American countries face the challenge of increasing overall emissions owing to rising income levels and the consequent increase in energy consumption.²³ The energy sector is the largest source of GHG emissions also within the region, standing at roughly 46%, and being responsible for approximately 5% of global GHG emissions.²⁴ South America currently sources more than a quarter of its primary energy from renewable energy sources, standing at twice the global average.²⁵ It derives more than 200 GW of its power (56% of the total) from renewable sources, mainly large-scale hydropower and biomass.²⁶ In 2018, Latin American countries began deploying increasing levels of solar, wind and geothermal power, which total more than 10 GW of installed capacity.²⁷ Sustainalytics believes that Grenergy intention to foster solar and wind power in South America will help to promote a shift to a low-carbon energy sector.

Sustainalytics is of the opinion that the use of proceeds of Grenergy's Green Finance Framework will contribute to increased low-carbon electricity generation overall, supporting global climate goals.

Alignment with and contribution to SDGs

The United Nations General Assembly set the Sustainable Development Goals (SDGs) in September 2015, forming an agenda for achieving sustainable development by the year 2030. The bonds and loans eventually issued under the Framework will likely advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
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¹² United Nations, "Population 2030", 2015, at: <https://www.un.org/en/development/desa/population/publications/pdf/trends/Population2030.pdf>

¹³ International Energy Agency (IEA), "World Energy Outlook 2020", at: <https://www.iea.org/reports/world-energy-outlook-2020>

¹⁴ International Energy Agency (IEA), "Net Zero by 2050 - A Roadmap for the Global Energy Sector", 2021, at:

¹⁵ IEA, Global Energy Supply 2020, at: <https://www.iea.org/reports/global-energy-review-2020/renewables>

¹⁶ IRENA, Global Renewables Outlook, 2020, at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Apr/IRENA_Global_Renewables_Outlook_2020.pdf

¹⁷ *Ibid*

¹⁸ IRENA, "Power system flexibility for the energy transition", (2018), at: <https://www.irena.org/publications/2018/Nov/Power-system-flexibility-for-the-energy-transition>

¹⁹ European Commission, "Renewable Energy Directive", at: https://ec.europa.eu/energy/topics/renewable-energy/renewable-energy-directive/overview_en

²⁰ European Commission, "The European Green Deal sets out how to make Europe the first climate-neutral continent by 2050, boosting the economy, improving people's health and quality of life, caring for nature, and leaving no one behind", at: https://ec.europa.eu/commission/presscorner/detail/en/ip_19_6691

²¹ Climate Action Tracker, "EU", 2020, at: <https://climateactiontracker.org/countries/eu/>

²² European Commission, "Renewable Energy Directive - European Commission", 2021, at: https://ec.europa.eu/info/sites/default/files/amendment-renewable-energy-directive-2030-climate-target-with-annexes_en.pdf

²³ United Nations (UN), "Economics of Climate Change in Latin America and the Caribbean", 2018, at: https://repositorio.cepal.org/bitstream/handle/11362/43889/1/S1800475_en.pdf

²⁴ *Ibid*

²⁵ IRENA, Latin America and the Caribbean, at: <https://www.irena.org/lac>

²⁶ IRENA, "Regional Action Plan: Accelerating Renewable Energy deployment in Latin America", 2018, at: https://www.irena.org/-/media/Files/IRENA/Agency/Regional-Group/Latin-America-and-the-Caribbean/IRENA_LatAm_action_plan_2019_EN.PDF?la=en&hash=12D7D12BF816911D9ED12AFEAF0F34E73258B18F2

²⁷ *Ibid*

Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
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Conclusion

Grenergy has developed the Grenergy Green Finance Framework, under which it may issue debt instruments such as bonds, loans and promissory notes, and use the proceeds to finance renewable energy projects or general corporate expenses. While noting that financing of general corporate expenses deviates from the project-based financing approach of the GBP or GLP, Sustainalytics recognizes the nature of Grenergy's business model to support labelling the Company as a "renewable energy pure-play", and considers the investments undertaken by the proceeds will provide positive environmental impact and accelerate the transition to a low-carbon economy.

The Grenergy Green Finance Framework outlines issuer's intention to credit funds raised to a separate account, and commitments to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Grenergy Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds category indicated will contribute to the advancement of UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Grenergy has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Grenergy Renovables SA is well positioned to issue green bonds and that the Grenergy 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.

Appendices

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

Section 1. Basic Information

Issuer name:	Greenergy Renovables SA
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Greenergy Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 26, 2021
Publication date of review publication:	

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:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ 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)*:

Grenergy intends to use the proceeds from issuances to finance projects in one category, Renewable Energy. Sustainalytics notes that the positive impact of expanding renewable energy capacity and considers that the eligible investments will contribute to advancing UN Sustainable Development Goals, specifically SDG 7.

Use of proceeds categories as per GBP:

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

Grenergy's internal process in evaluating and selecting projects is managed by the Management Committee, which is comprised of the CEO, CFO, Merger and Acquisition (M&A) Director, Investor Relations and Communication Director, and Head of the Legal Department. Grenergy's risk assessment and mitigation process are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management processes to be adequate and aligned with market expectation.

Evaluation and selection

- | | |
|--|---|
| ☒ Credentials on the issuer's environmental sustainability objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☐ Summary criteria for project evaluation and selection publicly available | ☐ Other <i>(please specify)</i> : |

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)*:

The proceeds of Greenergy's green finance instruments will be credited to a separate account and managed by the Treasury team, under the supervision of the CFO. Pending full allocation, the proceeds may be temporarily invested in Greenergy's treasury liquidity portfolio, in the form of cash and/or cash equivalents. This is aligned 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 <i>(please specify)</i> : |

4. REPORTING

Overall comment on section *(if applicable)*:

Greenergy intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Greenergy's Sustainability Report will provide allocation reporting including the total amount of investments and expenditures in renewable energy, the amounts or shares of proceeds allocated to general corporate expenses and M&A operations, as well as the balance of unallocated proceeds. Greenergy has also committed to reporting on relevant impact metrics. Sustainalytics views Greenergy's 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*): The amount and/or percentage of proceeds allocated to general corporate expenses and M&A operations.
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*): Increase of renewable energy capacity (MW), Increase of production of renewable energy (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*):

☐ 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:

- | | |
|--|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification / Audit | ☐ Rating |
| ☐ 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.

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