Second Party Opinion

Greenalia – Green Financing Framework

06.10.2025

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General Opinion

EthiFinance considers that Greenalia's Green Financing Framework ("the Framework") is consistent with its business and sustainability strategy. ESG risk management is substantial, as Greenalia has implemented robust policies and procedures to manage most of the material ESG risks, but misses some upstream mitigation measures.

The framework aligns with the ICMA Green Bond Principles 2025 (GBP) and reflects market best practices. The eligible project categories are expected to have an impact on climate mitigation. Renewable energy projects, including solar, wind and battery storage will contribute to the UN Sustainable Development Goal (UN SDG) 7 "Affordable and Clean Energy" and 13 "Climate Action".

Financed projects are expected to generate a high environmental impact. Renewable energy technologies such as solar and wind drive decarbonisation, while battery storage improves grid flexibility and supports the integration of variable renewable sources. The use of efficient technologies, combined with corporate sustainability policies and project monitoring, ensures a solid level of risk management. Although some risks of negative externalities remain, particularly with battery storage systems, the projects make a significant contribution to emissions reduction and the energy transition.

Issuer ESG Assessment

Strategic Consistency

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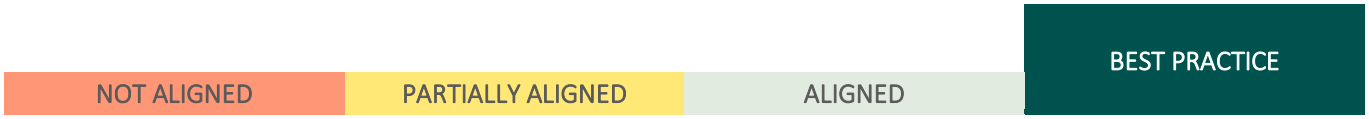
Overall Score



Use of Proceeds

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Impact of the Projects

LIMITED	MODERATE	SUBSTANTIAL	HIGH

CATEGORY	OBJECTIVE	IMPACT
1. Solar energy	Climate change mitigation	HIGH
2. Wind energy	Climate change mitigation	HIGH
4. Battery Storage Systems	Climate change mitigation	SUBSTANTIAL

Scope

EthiFinance has been commissioned to provide an independent Second Party Opinion on the Green Financing Framework of Greenalia (hereafter referred to as “Issuer Name”, “the Company” and “the Framework”). Our assessment consists of three parts: an evaluation of the ESG performance of the Issuer (Issuer ESG Assessment), a verification of the compliance of the document with the ICMA Principles (Alignment with the ICMA Principles), namely ICMA’s Green Bond Principles 2025 (GBP), and an assessment of the expected impact of the projects (Impact of the Projects).

This framework document allows Greenalia to issue sustainable debt and to finance eligible projects within the renewable energy category.

Our analysis is based on the most recent version of the Green Bond Framework, received on October 3rd, 2025. It reflects our assessment of the information contained in this document, as well as public and confidential data provided by the Issuer.

The analysis is grounded in our latest methodology, published in April 2025. It represents a point-in-time opinion derived from the information made available to us at the time of the review, including the Issuer’s framework, corporate documents and relevant policies.

Issuer Profile

Greenalia S.A. is an independent renewable power producer headquartered in A Coruña, Spain, with operations in Europe and the United States. Its activity spans multiple technologies including onshore and offshore wind, solar photovoltaic, biomass, battery storage, green hydrogen and e-fuels. The company is vertically integrated across the full project lifecycle, from development to operation, and is focused exclusively on renewable generation.

Greenalia’s 2024–2028 Sustainability Plan reinforces its mission to guide the energy transition through innovation and responsibility. The strategy rests on four pillars—Planet, People, Governance, and Prosperity—encompassing climate action, biodiversity protection, circular economy practices, social development, and transparent governance. The company aims for carbon neutrality by 2040, while also pursuing a net positive impact on biodiversity by 2030 and contributing to the UN Sustainable Development Goals.

Issuer ESG Assessment

1. Strategic Consistency

CONSISTENT
PARTIALLY CONSISTENT
NOT CONSISTENT

EthiFinance considers that the projects financed under Greenalia's green bond framework are aligned with the company's corporate and sustainability strategy. Greenalia operates across the full renewable energy value chain, including development, financing, construction, and operation of solar, wind, biomass, and battery storage projects. The company's Sustainability Plan 2024–2028 includes 20 measurable targets, among them a commitment to increase installed renewable capacity to fifteen times its 2023 level, contributing to avoided emissions in the power grid. Proceeds from the green bond are allocated to technologies that are central to Greenalia's business model. The company currently manages a global portfolio of 5.04 GW, with over 3 GW in Spain and the US under construction or in advanced development across various technologies, including wind, solar, and battery energy storage systems.[1]

2. ESG Risk Management

HIGH
SUBSTANTIAL
MODERATE
LIMITED

Sector ESG Risks:

The renewable energy sector, while essential to global decarbonisation efforts, presents a range of ESG-related risks that must be carefully managed throughout the project life cycle. The extraction of critical raw materials such as lithium, cobalt, and rare earth elements can lead to land degradation, water stress, and biodiversity loss, often in regions with weak environmental safeguards. Manufacturing processes for solar panels, wind turbines, and batteries are energy-intensive and can generate significant greenhouse gas emissions, particularly when powered by fossil-based grids, as well as chemical pollutants if waste is not properly managed. Large-scale solar and wind installations may disrupt ecosystems, while biomass operations risk deforestation and unsustainable land use. At end-of-life, inadequate recycling infrastructure for solar panels, wind turbine blades, and batteries can result in hazardous waste and soil or water contamination. Social risks arise from insufficient due diligence on human rights, labour standards, and community welfare. These include health and safety risks during construction and operation, potential child labour and unsafe working conditions in battery and components material mining, and inadequate stakeholder engagement that may lead to land use conflicts and project delays. Governance risks include exposure to regulatory non-compliance, ethical misconduct, financial mismanagement, and lack of supply chain transparency. Weak internal controls may result in corruption, unmanaged conflicts of interest, and poor ESG reporting.

Corporate level:

Greenalia has established a comprehensive ESG governance framework, consolidated in its Green Book, which sets out transversal policies. Oversight rests with the Board of Directors, supported by the Sustainability Committee and the Regulatory Compliance Committee to ensure effective implementation.

Environmental risks are addressed through the company's Environmental Policy, which applies the precautionary principle to climate impacts and commits to pollution prevention, impact mitigation, and continuous improvement in environmental performance. Complementary policies on Biodiversity, Circular Economy, and Water Management reinforce these commitments by promoting ecosystem conservation, responsible resource use, and circularity principles that frames end of life treatment. Environmental impact assessments are a core component of Greenalia's risk management processes, both at the corporate and project level. In addition, the company's Ethical Charter requires suppliers to apply strict environmental and safety standards within their own operations and across their supply chains. EthiFinance notes that while these measures are robust, upstream risks—particularly those related to resource extraction for renewable technologies—are not comprehensively addressed in the current Ethical Charter and Environmental Policy. Strengthening

[1] As per the 2024 Integrated Report, p. 7: https://greenalia.es/download/informe-integrado-fy24/?wpdmdl=7979

these policies to explicitly cover upstream environmental risks would further enhance Greenalia's ESG risk management framework.

Social risks are managed through a robust Social Policy, underpinned by the Human Rights Policy and Occupational Health and Safety Policy, which address issues such as child and forced labour, workplace safety, and community engagement. The Corporate Social Responsibility (CSR) Policy guides contributions to local development and social integration in project areas. In 2024, Greenalia began developing a Due Diligence Protocol to provide its teams with practical tools for identifying and mitigating social and environmental risks, in alignment with European and international standards. The protocol is scheduled for implementation in 2025. Lastly, the Transparency and Stakeholder Engagement Policy formalise communication channels with local communities, suppliers, and employees.

Governance risks are mitigated through a suite of policies, including the Corporate Code of Conduct, Compliance Policy, Risk Management Policy, and Anti-Corruption Policy, which collectively ensure ethical conduct, regulatory compliance, and integration of risk management across operations.

Operational level:

Greenalia embeds ESG risk management into operations through structured oversight, certifications, audits, and transparent sustainability reporting. The Sustainability Plan 2024–2028 provides a strategic roadmap with measurable KPIs, targeted actions, and governance structures to ensure accountability and continuous improvement. ESG considerations are integrated across project development, construction, and operational phases.

Environmental risks related to raw material sourcing are mitigated through supplier due diligence, requiring disclosure of sourcing practices and biodiversity safeguards. Since 2023, Greenalia has implemented a purchasing system to enhance supplier traceability, requiring compliance with the company's ethical, environmental, and social standards. The company works exclusively with tier-1 suppliers to strengthen oversight and minimise exposure to upstream risks. However, certain proofs of operationalisation are missing, including evidence that pollution and water risk mitigation requirements are explicitly embedded within procurement and supplier contracts, and that performance monitoring for these key risks is in place to ensure sustainability commitments are clearly translated into concrete operational standards. At the operational level, prior to project development, comprehensive environmental and social impact assessments are conducted, complemented by site-specific biodiversity monitoring and restoration plans. End-of-life risks are addressed through recyclability assessments, waste audits, selective collection, and reuse programs, supported by corporate policies and regulatory frameworks in Spain and the United States.

Social risks at the operational level are addressed through multiple mechanisms. Community-related risks are managed via a dedicated grievance mechanism and regular engagement throughout project stages. Projects developed in the U.S. are not located in federally protected areas or regions inhabited by indigenous communities, reducing potential social conflicts. Supply chain risks are mitigated through supplier qualification processes, mandatory adherence to the Ethical Charter for Suppliers, and ongoing training and monitoring to enhance traceability. Health and safety risks are managed through risk assessments, safety training, incident tracking, and strict contractor compliance with minimum safety standards.

Governance risks are controlled through mandatory compliance training and the operation of a whistleblower channel. Greenalia publishes audited sustainability and financial reports and monitors ESG KPIs to enhance transparency and accountability to stakeholders.

Alignment with the ICMA Principles

Overall Alignment

NOT ALIGNED	PARTIALLY ALIGNED	ALIGNED	BEST PRACTICE

1. Use of Proceeds

EthiFinance considers that the project categories defined by Greenalia are consistent with best practices observed in the market and deliver clear environmental benefits. Greenalia's will dedicate all proceeds to renewable energy projects in Spain and the US—solar, wind, and battery storage—supporting climate-mitigation goals and in line with SDGs, ICMA green categories, and the EU Taxonomy. It provides measurable environmental benefits through decarbonised electricity.

BEST PRACTICE
ALIGNED
PARTIALLY ALIGNED
NOT ALIGNED

Project Categories

Clarity of Description	Greenalia has defined three eligible project categories under its Green Financing Framework. Net proceeds from the issuance will be fully dedicated to financing or refinancing capital expenditures for renewable energy projects, including solar, wind, and battery storage. Projects will be located in Spain and the United States. The Framework could be reinforced by specifying how proceeds will be distributed among project types.
Objectives	Eligible projects are expected to contribute to climate change mitigation by producing renewable energy in Spain and the US. These objectives are relevant for the eligible green project categories and coherent with international standards, including the UN Sustainable Development Goals (SDGs), ICMA's green project categories and the EU Taxonomy.
Environmental Benefits	The projects are expected to deliver high environmental benefits, primarily through the production and storage of decarbonised electricity. These benefits are measurable and will be quantified in the impact report, in line with market best practices.
Exclusion Criteria	As a pure player in the renewable energy sector, Greenalia's business model inherently mitigates risks by ensuring long-term investments are exclusively directed toward renewable energy activities, including onshore and offshore wind, solar photovoltaic, as well as grid-connected battery storage. Given this strategic focus, Greenalia does not operate in activities outside the renewable energy domain, and therefore no exclusion criteria have been defined.
Refinancing Disclosure	The Issuer has disclosed that 75% of the proceeds will be allocated to refinancing.
Look-back Period	The maximum look-back period is 24 months.

Greenalia will contribute directly to Sustainable Development Goals 7 (Affordable and Clean Energy) and 13 (Climate Action). Further details can be found in Appendix 1.

2. Project Evaluation & Selection

Greenalia's project evaluation and selection process is aligned with the ICMA Green Bond Principles. The Issuer has implemented a structured and transparent process, overseen by the Management Committee and supported by external environmental consultants. In addition, Greenalia has implemented formal procedures to identify and monitor most of its ESG risks.	BEST PRACTICE **ALIGNED** PARTIALLY ALIGNED NOT ALIGNED

Processes & Governance

Committee Composition & Responsibilities	Greenalia has implemented a structured process for the selection and evaluation of eligible green projects. The Management Committee is responsible for overseeing project proposals, selection, criteria definition, and final validation. The committee includes members of the project development team and is chaired by Greenalia's CEO, together with the Heads of Renewables in Spain and the US, who hold responsibility for final project approval. They are supported by the Head of Development (for US projects), internal technical teams, and specialised external consultants, who provide detailed analyses and advice on technical, environmental, and regulatory matters to inform the decision process. The committee is responsible for validating projects against the eligibility criteria defined in the framework, ensuring alignment with the issuer's environmental objectives, and monitoring ongoing compliance throughout the life of the projects.
Selection Process & Traceability	Greenalia has implemented a multi-step process for the evaluation and selection of eligible green projects, consistent with market practices. The project selection process combines technical and environmental assessments to ensure viability. In both the US and Spain, projects undergo technical evaluations of site conditions, grid capacity, and environmental and social factors, supported by specialised tools (e.g., TRANSECT for ecological risks). Feasibility analyses also consider environmental and legal restrictions, and community impacts, with input from internal experts and external consultants. Projects that meet these criteria are presented to a committee composed of the CEO and the Heads of Renewables in Spain and the US, with the Head of Development involved for US projects. This committee reviews technical, environmental, financial, and community aspects and decides whether to advance the project. Wind, solar, and battery projects that pass this selection process are deemed eligible for financing or refinancing with proceeds from Greenalia's green bonds. The traceability of the decision-making process is ensured by the recording of meetings minutes and emails.
Identification & Mitigation of ESG Risks	All projects under the Framework will follow Greenalia's ESG Policies. ESG risks are identified and monitored throughout the lifecycle of projects. Detailed analysis can be found under ESG risk management section.

3. Management of Proceeds

EthiFinance considers that Greenalia's process for managing proceeds is aligned with the ICMA Green Bonds Principles. The Issuer applies a project-by-project approach to track the allocation of funds and commits to allocate proceeds under 12 months, in line with best market practices.

BEST PRACTICE
ALIGNED
PARTIALLY ALIGNED
NOT ALIGNED

Processes

Traceability of Proceeds	Greenalia applies a project-by-project approach for the allocation of proceeds. The green bond proceeds will be held in a dedicated account to ensure full traceability, and their allocation will be subject to annual external audit.
Segregation of Funds	All proceeds will be held in a dedicated account.
Periodic Adjustment	Greenalia ensures periodic adjustment by conducting monthly financial closings and annual audits, allowing it to reconcile funds raised with proceeds allocated to eligible green projects.

Allocation of Proceeds

Allocation Period	Greenalia has committed to allocating the net proceeds to eligible green projects within 12 months from the date of issuance, in line with best market practices.
Unallocated Proceeds	Any unallocated proceeds will be held in its treasury liquidity portfolio (cash or cash equivalents). In the event of an asset sale, divestment, or loss of eligibility, the Issuer commits to redirecting funds to new eligible projects, ensuring continuous alignment with the framework, even though no specific reinvestment timeline has been defined.

4. Reporting

EthiFinance considers the reporting commitments outlined in Greenalia's framework to be aligned with the ICMA Green Bond Principles. The Issuer commits to annual allocation and impact reporting, including disclosure of material changes, potential ESG-related controversies, and applied calculation methodologies. In addition, both allocation and impact reports will be subject to external verification, reflecting market best practices.

BEST PRACTICE
ALIGNED
PARTIALLY ALIGNED
NOT ALIGNED

Report Details

Frequency	Greenalia commits to publishing an annual allocation and impact report.
Reporting Period	The Issuer engages to publish an annual report until maturity of the bond.
Disclosure	The report will be publicly available on the Issuer's website.
Scope	Reporting will be on a project-by-project basis.
Allocated Proceeds	Greenalia will communicate on the total amounts of proceeds allocated to eligible green projects.
Unallocated Proceeds	Details of unallocated proceeds as well as the temporary placements will be disclosed in the annual report.
Share of Refinancing	The Issuer will communicate on the proportion of financing versus refinancing.
Impact	Greenalia will publish an annual impact report to disclose the environmental outcomes of eligible green projects. Greenalia has defined impact metrics such as increase in renewable energy capacity, renewable energy production and avoided emissions.
Material Changes	Greenalia commits to reporting any material developments such as the modification of the Framework or any major events that may impact the projects being financed.
ESG Risks & Controversies	The impact report will address risk management and Greenalia commits to report on any material events, including ESG controversies.
Disclosure Methodology	The Issuer intends to report on the impact indicators detailing the calculation methodologies and assumptions used in the impact report.
External Verification	An external auditor will verify both the allocation and impact report.

Impact of the Projects

Overall Level of Impact

LIMITED	MODERATE	SUBSTANTIAL	HIGH

CATEGORY	LEVEL OF IMPACT	SHARE OF FUNDS
Solar PV	HIGH	Not communicated
Wind	HIGH	Not communicated
Batteries	SUBSTANTIAL	Not communicated

1. Solar PV – Green Impact

EthiFinance considers this project category to have a high environmental impact. Solar PV projects play a critical role in supporting decarbonisation targets in both Spain and the United States. These projects are expected to deploy efficient technologies and incorporate measures to mitigate most negative externalities. However, certain upstream risks, such as those related to raw material sourcing and supply chain practices, remain and should be monitored.

HIGH
SUBSTANTIAL
MODERATE
LIMITED

Materiality

The materiality of projects within this category is assessed as high. As an independent power producer, Greenalia not only procures the hardware required for such projects but also produces clean, sustainable energy and stores it through lithium-ion batteries, reinforcing its role in the renewable energy transition.

Spain and the European Union have binding climate commitments under the European Green Deal and the Fit-for-55 package, which include reducing GHG emissions by at least 55% by 2030 and achieving climate neutrality by 2050. Spain's Integrated National Energy and Climate Plan (NECP) 2021–2030 targets 48% renewable energy in final energy consumption and 81% in electricity generation by 2030. [2] Both Spain and Texas offer highly favourable conditions for solar PV deployment. Spain benefits from abundant solar irradiation and strong policy support through EU and national frameworks, while Texas combines some of the highest solar resources in the U.S. with a large, deregulated electricity market and state-level incentives that have driven rapid solar capacity growth. In Spain, fossil fuels still account for approximately 20% of the electricity mix, despite significant progress in renewable integration. In contrast, the United States—while lacking binding national climate targets—remains one of the largest contributors to global GHG emissions, with fossil fuels representing around 83% of its energy mix. This highlights a substantial opportunity for accelerated investment in renewable energy infrastructure across both markets. [3]

[2] https://www.miteco.gob.es/es/energia/estrategia-normativa/pniec-23-30.html
[3] https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions

Ambition

The level of ambition is assessed as substantial. The projects aim to generate zero-direct-emission electricity from solar PV, contributing significantly to decarbonisation objectives. While the design and implementation incorporate best industry standards and take into account potential negative externalities to ensure alignment with robust sustainability practices, some projects may present upstream risks that warrant careful monitoring.

Operational risks for this project are considered minimal, given the inherently low emissions associated with solar photovoltaic technology. The installations will deploy bifacial monocrystalline silicon panels, reaching an efficiency of 20% to 25% compared to polycrystalline technology, and are therefore considered as one of the best available technologies. However, despite low operational emissions, significant environmental and social risks persist across the value chain. Within the EU, the Issuer benefits from a relatively robust framework for managing these risks, supported by both internal policies and regulatory alignment on key issues such as environmental impact assessments, biodiversity restoration, and circular economy principles. In contrast, the U.S. regulatory landscape remains fragmented and inconsistently enforced, exposing the Issuer to elevated ESG risks. Specifically, the extraction of raw materials for PV components is not explicitly addressed in the Issuer's ESG strategy, despite well-documented risks including resource extraction, pollution and biodiversity degradation. End-of-life risks are mitigated under EU regulation and the Issuer's Circular Economy Policy; however, in the US, federal mandates for solar panel recycling are lacking, and practices vary widely across states. Texas has recently taken steps to address this gap through House Bill 3228, which mandates solar projects to recycle all components and properly dispose non-recyclable materials.[4] This helps integrate end-of-life risks into project planning—particularly relevant as most projects at this stage are located in Texas. Social considerations are equally integrated, with robust frameworks for community engagement, land access, occupational health and safety, and upstream safeguards on labour conditions.

2. Wind – Green Impact

EthiFinance considers that Greenalia's wind energy project to have high impact. The project tackles key decarbonisation challenges in both Spain and the United States, aligns with strategic priorities, and draws on the company's renewable energy expertise. However, certain upstream risks, such as those related to raw material sourcing remain and should be monitored.

HIGH
SUBSTANTIAL
MODERATE
LIMITED

Materiality

The materiality of this project is assessed as high. The eligible projects aim to finance wind energy developments in Spain and the United States[5]. These initiatives directly address relevant decarbonisation needs in both geographies, respond to critical local energy transition needs and leverage the company's core expertise in renewable energy. Greenalia will develop both onshore and offshore wind projects, with offshore representing 4% of total capacity under advanced development phase of wind projects pipeline.

Wind energy development in Spain aligns with the Integrated National Energy and Climate Plan (NECP)[6], which sets a target of 81% renewable energy generation and 62 GW of installed wind capacity by 2030. In parallel, the European Commission's REPowerEU Plan reinforces wind deployment as a key solution to reduce fossil fuel dependency. Wind energy accounted for 10% of electricity generation in the U.S. in 2024[7], the country remains heavily reliant on fossil fuels, highlighting the relevance of wind energy investments.

[4] Texas House Bill 3228: https://capitol.texas.gov/BillLookup/History.aspx?LegSess=89R&Bill=HB3228
[5] As of now, the company's pipeline is situated within the State of Texas.
[6] Plan Nacional Integrado de Energía y Clima. ACTUALIZACIÓN 2023-2030
[7] United States - Countries & Regions - IEA

Ambition

The level of ambition is assessed as substantial. Eligible wind projects will contribute to long-term decarbonisation through the generation of zero direct emissions electricity, using a combination of direct-drive and gearbox-driven turbine, both market leading and efficient technologies with operational lifespans of 25-30 years.

Direct-drive turbines, increasingly used for offshore and high-capacity onshore projects, feature a simplified mechanical design that reduces maintenance needs and improves efficiency, thereby lowering the long-term ecological footprint. Gearbox-driven turbines remain prevalent in onshore wind due to lower upfront costs and strong performance, though emerging alternatives—such as modular systems, vertical-axis designs, and floating offshore platforms—offer potential improvements in environmental performance and reduced upstream and downstream risks. Wind projects nonetheless carry upstream risks linked to the sourcing of raw materials, particularly rare earth elements used in turbine components, which are associated with significant environmental impacts during extraction and processing. While Greenalia has implemented supplier oversight and broader recycling initiatives, these measures remain general and lack specificity regarding critical components and end-of-life management. Environmental risks during construction and operation include biodiversity and land-use impacts, with offshore developments also posing risks to marine ecosystems, bird migration routes, and seabed integrity. Additionally, all turbine types face end-of-life challenges, particularly blade recycling, material recovery, and responsible decommissioning. Some risks are mitigated through environmental impact assessments, strategic siting, and habitat restoration plans. Greenalia's Circular Economy and Environmental Policies, supported by recyclability assessments and waste management programs, provide a framework but lack detailed strategies for turbine end-of-life management. Regulatory frameworks vary between jurisdictions. In the European Union, regulations require companies to meet defined standards for managing downstream risks, offering a higher degree of oversight. In contrast, the United States lacks federal rules for end-of-life management. Texas has introduced HB 3228, mandating comprehensive decommissioning and recycling of turbine components, but such requirements are not consistent across other states. [8] For the time being, the company's projects are located in Texas, which helps mitigate end of life risks. Social risks—including community engagement, land access, and labour practices—are addressed through Greenalia's corporate policies and stakeholder engagement protocols, which apply across all projects and contribute to the mitigation of non-environmental risks.

3. Batteries – Green Impact

EthiFinance considers that this category has a substantial impact, as energy storage supports renewable integration and grid flexibility in both countries. However, the absence of commitments to renewable-only charging and limited measures to address upstream ESG risks, including critical mineral sourcing, GHG emissions from production, and end-of-life management, constrain the robustness of the project's environmental strategy.	HIGH **SUBSTANTIAL** MODERATE LIMITED

Materiality

The materiality of this project is assessed as high due to its substantial contribution to the integration and reliability of renewable energy infrastructure. Although the battery does not exclusively store renewable energy, this score is principally supported by the procurement and installation of battery storage projects, which directly address critical system needs for renewable integration in Spain and the US.

Battery energy storage systems (BESS) are essential for achieving high renewable penetration by balancing variability and enhancing grid flexibility, storing excess electricity during periods of high production and low demand and discharging it during periods of low production and high demand. In Spain, the updated National Energy and Climate Plan (NECP) targets 81% renewable electricity generation by 2030, including 22.5 GW of storage capacity, and prioritises battery deployment to manage variability and ensure grid stability. In the US while the grid mix still has high fossil-fuel penetration, renewable energy added capacity has increased importantly over the past years, solar accounted for more

[8] Texas-2025-HB3228-Enrolled

than 60% of new capacity installed in 2024, highlighting the need for balance technologies such as batteries.[9] From a sector perspective, the International Energy Agency (IEA) identifies batteries as the fastest-scaling flexibility solution for integrating variable renewables.

Ambition

The ambition of this project is assessed as moderate. While the deployment of advanced technologies such as lithium iron phosphate (LFP) batteries supports renewable integration and offers a lower toxicity profile compared to traditional chemistries, certain risks remain relevant across the project lifecycle. These include the absence of commitments to prioritise renewable-only charging and limited measures to address upstream risks related to critical minerals, GHG emissions from battery production, as well as end-of-life management.

LFP technology offers improved recycling potential and a reduced carbon footprint during production compared to conventional lithium-ion chemistries. However, ambition is constrained by the absence of targeted ESG safeguards across the battery lifecycle. Notably, there are no binding commitments to prioritise renewable-only charging, which introduces the risk of fossil-based electricity storage during periods of low renewable availability. Upstream risks—such as habitat degradation linked to lithium extraction, GHG emissions from manufacturing, and limited traceability of critical minerals—are not comprehensively addressed by the issuer. These risks are partly mitigated in the EU, where the Batteries Regulation introduces strict requirements on due diligence, recycled content, and traceability, but remain less controlled in the US, where regulation varies state by state. For downstream risks related to end-of-life management, the situation is similar: while EU rules impose circularity requirements, US standards are fragmented. Texas, where most of Greenalia's projects are located, has recently adopted legislation mandating decommissioning and recycling for battery energy storage facilities, which helps mitigate these risks; however, this cannot be said for other US states, where requirements remain inconsistent or absent. While the use of batteries for price arbitrage can indirectly support renewable integration by stabilising electricity markets, the lack of operational criteria and uneven lifecycle risk mitigation across jurisdictions limit the robustness of the project's ESG strategy.

[9] Solar, battery storage to lead new U.S. generating capacity additions in 2025 - U.S. Energy Information Administration (EIA)

Appendix 1

The financed green and/or social projects are expected to contribute to the achievement of the following UN Sustainable Development Goals (SDGs):

GREENALIA'S PROJECT	SDG	
Renewable Energy (solar, wind, energy storage)		Greenalia's renewable energy projects contribute to the realisation of SDG 7 "Affordable and Clean Energy" and SDG 13 "Climate Action"

Methodology

This Second Party Opinion (SPO) was prepared according to the recognised and methodically established procedures developed by EthiFinance. We adhere to strict quality standards for all research activities and customer processes. The SPO is an independent external analysis of debt instruments (e.g. Green Bond/Loan, Social Bond/Loan, Sustainability Bond/Loan or Sustainability-linked Bond/Loan) aimed at financing sustainable development projects.

In order to produce a Second Party Opinion, EthiFinance examines the following three modules:

- Issuer ESG Assessment
- Alignment with the ICMA/LMA Principles
- Impact of the Projects

For a detailed explanation of the methodology, please visit our website.

Issuer ESG Assessment

The ESG Assessment consists of the following components:

Strategic Consistency: This is assessed by comparing an issuer's overall business and sustainability goals with the projects financed through sustainable bonds or loans, ensuring alignment with the broader corporate strategy rather than isolated CSR initiatives and verifying consistent reporting metrics.

Assessment Scale: *consistent, partially consistent, not consistent*.

ESG Risk Management: A customised and detailed assessment of ESG risk management in line with current sustainability requirements. In the SPO, the results of the assessment of the policies and processes as well as the quality of the risk management system are presented.

Assessment Scale: *high, substantial, moderate, limited.*

Alignment with the ICMA/LMA Principles

Following a detailed examination of the framework of the Issuer, EthiFinance confirms whether an issuance complies with relevant market standards. For bonds, this includes ICMA's Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG) and Sustainability-Linked Bond Principles (SLBP). For loans, the relevant principles include the Green Loan Principles (GLP), Social Loan Principles (SLP) and, and Sustainability-Linked Loan Principles (SLLP). These are collectively referred to as "the Principles".

For a positive assessment, the Issuer must transparently provide information on and fully implement the core components: (1) use of proceeds, (2) process for project evaluation and selection, (3) management of proceeds and (4) reporting.

Alignment is evaluated for each core component and at the aggregate level for the whole framework.

Assessment Scale: *best practice, aligned, partially aligned, not aligned.*

Impact of the Projects

To assess the impact level of each project identified by the Issuer, EthiFinance provides an opinion on two components:

- Materiality: Assessment based on the extent to which the projects are relevant to their respective sector, geographical context and the overall sustainability strategy of the Issuer.

- Ambition: Assessment based on the alignment with sector standards or taxonomy criteria to determine durability. For social projects, the target population and AAAQ dimensions (Availability, Accessibility, Acceptability, Quality) from the EU Social Taxonomy are considered.

Assessment Scale: *high, substantial, moderate, limited.*

Disclosure of the Relationship between EthiFinance and the Issuer:

EthiFinance Ratings SL, a Credit Rating Agency wholly owned by EthiFinance SAS, is a provider of credit rating services to Greenalia SA.

The credit rating is not related to this Second Party Opinion.

There exists no other relationship, financial or otherwise, between EthiFinance and the analysed entity.

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EthiFinance provides an independent sustainability assessment. To avoid any conflict of interest, EthiFinance has implemented appropriate policies and effective information barriers to prevent any exchange between its separate business units and employees. EthiFinance has prepared this independent SPO in accordance with its methodology and in strict compliance with its Code of Ethics and Conflict-of-Interest Policy to prevent any conflicts of interest and to meet requirements of objectivity and transparency, independence, integrity and professional conduct.

In providing the external review, EthiFinance adheres to the ethical and professional principles as well as to transparency standards and independency in line with ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews and the Harmonised Framework for Impact Reporting (June 2024).

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