

Green Finance Framework

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Introduction

Greenalia is an independent renewable energy producer (IPP). The company uses the wind, the sun, and certified forestry biomass to produce and store electricity in harmony with nature, bringing innovation and green jobs to all the areas where it operates. Greenalia is headquartered in A Coruña (Spain) and operates across Europe (Iberian Peninsula and the Canary Islands) and the United States.

The renewable assets generate long-term flows allowing for non-recourse project financing; and secure and constant dividends and inflows.

As a pure renewable energy player, Greenalia's business model contributes significantly to climate change mitigation and actively supports the energy transition. Sustainability is at the core of the company's strategy and ESG aspects (now amplified by the 4P's approach looking at People, Planet, Proper Governance and Prosperity) are embedded in all the business units.

By issuing Green Finance Instruments, Greenalia generates and channels impactful investment that promotes the development of a more sustainable economy and delivers environmental and social benefits.

Our approach to Sustainability

Greenalia's mission is to create ESG impact value in a sustainable way by generating electricity from renewable sources, supporting the global energy transition process, and protecting the future of generations to come.

Our vision of sustainability is based on values that are intrinsic to our business, such as non-conformity, challenging the status quo and proactivity, as well as the willingness of all the areas of the business to be a lever for change in achieving the goal of being increasingly regenerative.

Our aspiration to be more sustainable led us to develop our First Sustainability Plan 2019-2023, now finalized with a 90% completion/success rate, which included specific actions structured around the three main ESG blocks: Environmental, Social and Governance. We are now about to launch our II Sustainability Plan 24-28.

The Company publicly presents annual plans and sustainability objectives and keeps stakeholders updated on its progress through its live Financial and Non-Financial Results Presentations.

Our Green Finance Framework

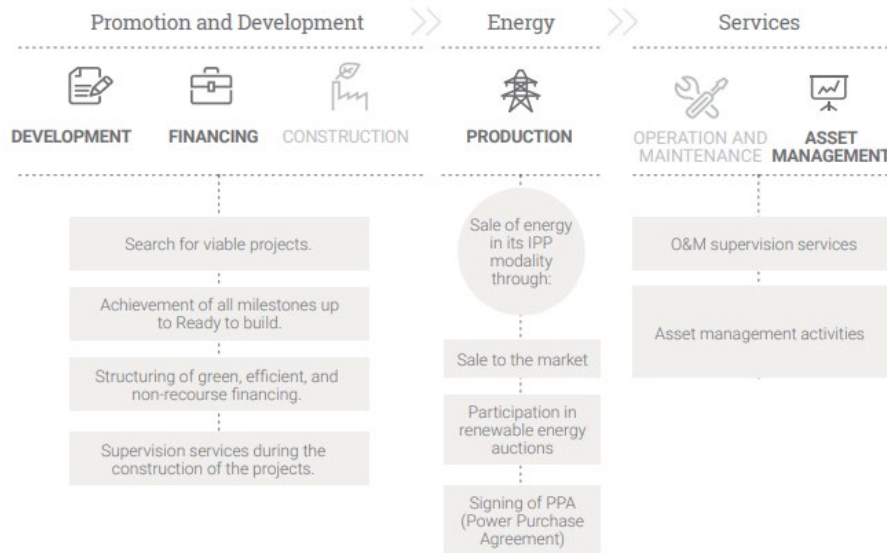
The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of green financing instruments. The Greenalia Green Finance Framework follows the ICMA Green Bond Principles (GBP) as well as the LMA Green Loan Principles (GLP), which provides guidelines in the form of four core components:

1. Use of Proceeds

Greenalia is an independent power producer (IPP) that generates clean sustainable energy.

Over the last few years, we have consolidated our *Develop&Own* business model with the start-up of the largest renewable electricity generation Biomass Plant in southern Europe, sourced with SURE¹ certified forestry biowaste, and five operating wind farms.

At Greenalia we generate energy through our participation in the following stages of the process:



Under this Green Finance Framework, Greenalia intends to issue Green Finance Instruments (which may include, bonds, promissory notes, etc.) to finance and/or refinance renewable energy projects (biomass, solar, wind and storage technologies), and related and supporting expenditures that enable the fulfillment of Greenalia strategic targets for renewable energy installed capacity publicly communicated by the company. The company focuses 100% of its activity in renewable energy and all projects are fully eligible with the EU Taxonomy as an environmentally sustainable economic activity that contributes significantly to the mitigation of climate change. Moreover, Greenalia's projects alignment with the EU Taxonomy, is one of the major lines of action of the new Sustainability Plan, to guarantee 100% alignment with this framework.

Greenalia recognizes the fundamental role played by the private sector to achieve the United Nations Sustainable Development Goals and the urgency to implement ambitious action plans to make progress towards the targets set at the 2030 Agenda. Thus, Greenalia incorporates into its strategy those SDGs where potential impacts are more relevant.

The company business plan works to ensure access to affordable, reliable, sustainable, and modern energy (SDG 7). In particular, the funds contribute directly to achieve target 7.2 of the 2030 Agenda of the United Nations by helping Greenalia achieve its operational targets to build and connect renewable energy plants, increasing the share of renewable energy in the energy mix of the countries where the company operates. Moreover, Greenalia has a direct impact on SDG 8 – Decent Work and Economic Growth, SDG 12 Responsible Consumption and Production, SDG 12 Climate Change, SDG 15 Life on Land and SDG 17 Partnership for the goals.

¹ To know more about Sure certification, visit <https://sure-system.org/en/certification.html>

2. Process for Project Evaluation and Selection

Greenalia's management committee evaluates the projects by conducting financial, environmental, technical, legal and social analysis in order to be internally approved and become part of the company's pipeline. The Company ensures that all the projects comply with Greenalia's Sustainability policies and with required local environmental regulations and permits. The composition of Greenalia's management committee is available on the corporate website.²

Environmental and social impact assessments are central to the Company risk assessment process. In the evaluation of the environmental and social risks associated with the projects, given the importance of conservation and protection, a study of environmental and social restrictions is carried out, so as to exclude areas where the impact generated is very high and the degree of impact on the environment is unacceptable.

In this way, the environmental and social factors of the area previously selected for the implementation of the project that are studied and being analyzed, among others, are: Protected areas: Fauna, flora and Cultural Heritage; Birds and natural habitats; Nearby populations; Existing infrastructures in the area, Hydrology and areas of ecological value and urban planning of the affected municipalities.

The company selects adequate locations for its projects, seeking to minimize the impact on the environment. Protection measures are defined, and monitoring programs established for each project. The company implements tailor-made offsetting measures to compensate impacts and an additional biodiversity programs beyond the area of the projects.

The company aims at establishing fluent communication from the early stages of development of the projects to identify risks. Engaging with local communities is a central point of our sustainability strategy. In accordance with our Sustainability Policy, we seek to establish a fluent dialogue with the local communities from the first stages of the projects and different communication channels are available for this purpose. Greenalia aims to generate positive and even regenerative local impact through job creation and social initiatives based on the identification of needs of each community.

Greenalia maintains its stakeholders updated on its project portfolio through the Greenmap³ of assets available on the corporate website, in the semi-annual results presentations, and provides information on each of the projects under construction, in the pipeline or in advanced development.

3. Management of Proceeds

The proceeds of the green finance instruments will be credited to dedicated accounts and the finance team will be responsible to ensure and appropriate allocation, under direct supervision of Greenalia's CFO.

As a renewable energy pure player, Greenalia focuses its activity exclusively on renewable energy and funds will be used to finance clean energy projects and related investments and expenditures, as explained in the previous section. Greenalia intends to allocate bond proceeds raised under this Framework within 1 year.

Pending the full allocation, Greenalia will hold or invest the balance of net proceeds not yet allocated, at its own discretion, in its treasury liquidity portfolio (cash or cash equivalents.)

² <https://greenalia.es/grupo/>

³ <https://greenmap.greenalia.es/activos>

4. Reporting

Greenalia will make and keep readily available up to date information on the use of proceeds as well as the expected/achieved impact of the renewable energy projects developed and built by the company.

The allocation report will provide the total amount of investments and expenditures in the development, engineering, procurement, construction, operation, and maintenance of green projects of renewable energy, and the balance of unallocated proceeds. Information about the projects in operation, under construction and advanced development is disclosed at the company's financial and non-financial presentations publicly available and web streamed, including names, location, capacity, technology, resources, COD and offtaker related information. Short-term financing instruments like promissory notes will use the average balance position in its reporting.

Greenalia's business model is sustainable, with a strategic growth plan based exclusively on renewable energy projects that contribute directly to the fight against climate change. The company will use the following indicators to report on the environmental impact of its annual activity:

- Increase of renewable energy capacity (MW)
- Increase of production of renewable energy (MWh)
- Annual GHG emissions avoided by the projects in operation (tCO₂e)

Allocation and impact reporting will be provided in the corresponding Annual Report, and/or specific impact reports.

External Review

A. Second Party Opinion

The alignment of this Green Finance Framework with the Green Bond and Green Loan Principles has been reviewed by Sustainalytics. The Second Party Opinion prepared by Sustainalytics as well as the Green Finance Framework will be made available to investors at Greenalia's website.