

Second-Party Opinion

Ecoener Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Ecoener Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. 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. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



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



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



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

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¹ This document updates the Second-Party Opinion originally provided by Sustainalytics in April 2022.

Introduction

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

Ecoener has developed the Ecoener Green Finance Framework dated November 2023 (the “Framework”), under which it intends to issue green promissory notes² and use the proceeds to finance or refinance, in whole or in part, existing and future projects that are expected to increase the renewable energy output. The Framework defines eligibility criteria in one area:

1. Renewable Energy

Ecoener engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).³ The Framework will be published in a separate document.⁴

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with 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;
- 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 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

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

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

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

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond 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.

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

² The promissory notes are registered in the Alternative Spanish Fixed-Income Market (MARF).

³ 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/>.

⁴ The Ecoener Green Finance Framework will be available at: <https://ecoener.es/en/financiamiento/>

⁵ 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.

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

Sustainalytics' Opinion

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

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

- Use of Proceeds:
 - The eligible category, Renewable Energy, is aligned with those recognized by the GBP. Sustainalytics notes that the proceeds of instruments issued under the Framework are expected to increase renewable energy output.
 - Ecoener has established a look-back period of no more than 30 months for its refinancing activities. Sustainalytics considers this to be in line with market practice.
 - Under the Renewable Energy category, Ecoener intends to finance and refinance renewable energy projects from photovoltaic solar, wind and hydropower sources. The Company will finance and refinance hydropower projects, which will be limited to: i) run-of-river projects; ii) projects with a life cycle carbon intensity of less than 50 gCO_{2e}/kWh; and iii) projects with a power density greater than 10 W/m². Ecoener has confirmed to Sustainalytics that for any new hydropower plant, the Company will conduct an environmental and social impact assessment by a credible body and will ensure that there are no significant controversies or risks associated with the project. Sustainalytics considers that these investments align with market practice.
- Project Evaluation and Selection:
 - Ecoener's top management, which includes the Chief Corporate Officer and the CFO, will be responsible for the project evaluation and selection process, in line with Ecoener's Sustainability Policy, the Framework's eligibility criteria and local environmental regulations and permits. Ecoener's CEOs will make a final decision to approve the projects.
 - Ecoener has environmental and social impact assessment procedures applicable to all allocation decisions made under the Framework. The procedures aim to minimize environmental risk using protective measures, monitoring and tailor-made compensation measures to offset the possible impacts caused.
 - Based on the Company's environmental and social risk management processes in place, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Ecoener's Treasury Team will be responsible for the management and allocation of proceeds, and the CFO has final oversight. Proceeds will be allocated to dedicated accounts.
 - The Company intends to allocate all proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be held in cash or cash equivalents or invested at Ecoener's discretion.
 - Based on disclosure around management and the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Ecoener commits to report on the allocations made from issuances under the Framework, as well as the associated impact, in its annual sustainability report, which it will make available on its website until full allocation. The allocation reporting will include total allocated amounts for all projects and expenditures, M&A transactions and the balance of unallocated proceeds.
 - Impact metrics will include increased renewable energy capacity (in MW), increased renewable energy production (in MWh) and annual GHG emissions avoided by operating projects (in tCO_{2e}).
 - 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

Sustainalytics has determined that the Ecoener Green Finance Framework aligns with the four core components of the GBP.

Section 2: Sustainability Strategy of Ecoener

Contribution to Ecoener's sustainability strategy

Sustainalytics recognizes that Ecoener's main business – renewable energy generation – integrates environmental sustainability into its core. Ecoener is dedicated to developing, building and managing hydroelectric power plants, wind farms and solar photovoltaic plants.⁶ To ensure these projects are developed and operated sustainably, Ecoener is currently developing its Sustainability Strategic Plan 2024-2026.⁷ This plan is a continuation of its Strategic Operational Sustainability Plan 2020-2023, which defines the Company's main sustainability objectives: i) protecting the natural environment, ii) ensuring the safety of employees, iii) respecting human rights in the local communities, and iv) being a responsible business.⁸

As of 2022, Ecoener's owned assets totalled 202 MW of installed renewable energy⁹ capacity in Spain, Honduras and Guatemala.¹⁰ The Company aims to increase its generation capacity to 849 MW by 2024. This target includes the development of several renewable energy projects in Spain, Dominican Republic, Guatemala, Ecuador, Colombia and Honduras.¹¹ Additionally, Ecoener stated that it has a pipeline of potential projects with 1,155 MW generation capacity¹² and that its investments in renewable energy have avoided 191,068 tCO₂e of emissions as of 2022.¹³

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

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have a 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 possibly associated with the eligible projects may include issues involving: i) land use and biodiversity; ii) human rights; iii) occupational health and safety; and iv) community relations.

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

- To address all potential environmental and social risks associated with the financed projects, Ecoener has a Sustainability Policy in place, which establishes the Company's commitment to ensuring the management of ESG risks associated with its projects, businesses and activities.¹⁴ The Company also commits to complying with local environmental legislations, ensuring due diligence processes and appropriately identifying risks that could affect project implementation.¹⁵
- For land use and biodiversity risks, the Company's Code of Conduct outlines its commitment to conducting responsible business activities, with respect to environmental protection, adverse risk mitigation, local community protection, respect for human rights and community relation management.¹⁶ Ecoener conducts assessments and establishes monitoring plans throughout its project stages, which include environmental impact studies and preventative measures to identify and mitigate potential risks related to biodiversity.¹⁷ Additionally, the Company implements

⁶ Ecoener, "Who are we", at: <https://ecoener.es/en/who-we-are/>

⁷ Ecoener, "Green Finance Framework", (2023), at: <https://ecoener.es/en/financial-information/>

⁸ Ecoener, "Sustainability Report 2022", (2022), at: <https://ecoener.es/en/sustainability/>

⁹ This includes hydraulic, wind and photovoltaic energy.

¹⁰ Ecoener, "Sustainability Report 2022", (2022), at: <https://ecoener.es/en/sustainability/>

¹¹ Ecoener, "FY 2022 Results Presentation", (2023), at: https://ecoener.es/wp-content/uploads/2023/03/Ecoener_Resultados_FY2022.pdf

¹² Ibid.

¹³ Ecoener, "Sustainability Report 2022", (2022), at: <https://ecoener.es/en/sustainability/>

¹⁴ Ecoener, "Sustainability Policy", (2023), at: https://ecoener.es/wp-content/uploads/2023/05/Sustainability-Policy_Ecoener_EN_-2023.pdf

¹⁵ Ibid.

¹⁶ Ecoener, "Code of Conduct", (2020), at: <https://ecoener.es/wp-content/uploads/2020/06/ecoener-code-of-conduct.pdf>

¹⁷ Ecoener, "Sustainability Report 2022", (2022), at: <https://ecoener.es/en/sustainability/>

technology in its wind farms to protect birds from collision and fish ladders in its hydropower plants to enable the migratory movements of fish.¹⁸

- Regarding issues related to human rights, the Company's Human Rights Policy complies with the UN Global Compact and UN Guiding Principles on Business and Human Rights. The policy stipulates that Ecoener conducts human rights due diligence in all its activities and in all operating locations. The Company identifies, prevents, assesses and develops mitigation measures on potential human rights impacts throughout all phases of the projects as part of the due diligence process. Any serious violations are reported to the relevant authorities.¹⁹
- For occupational health and safety risks, Ecoener's code of conduct highlights its commitment to provide its employees with a safe work environment and training activities, including assessments from third parties regarding the Company's project operation sites for risk prevention.²⁰ The Company also has an external occupational risk prevention service agreement that ensures occupational health and safety risk prevention for all facilities. Additionally, Ecoener has several health and safety measures, such as a preventive activity programme, a prevention plan, a risk assessment, preventive planning and a self-protection plan.²¹ The Company has also established requirements for its suppliers to adhere to national legislation related to health and safety.²²
- For risks related to community relations, the Company has a Community Relations Policy, which requires each project to identify and understand the local context of all communities around the site, especially Indigenous peoples and vulnerable groups. The Company strives to avoid negative impacts, initiates dialogue during all phases of the project and applies a consultation process when necessary.²³ Additionally, the Company's Code of Conduct commits to managing stakeholder and community expectations through active dialogue and transparent channels of communication.²⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Ecoener 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 those recognized by the GBP. Sustainalytics has focused on where the impact is specifically relevant.

Importance of financing renewable energy in achieving global climate goals

As of 2023, the energy sector accounts for more than 75% of global GHG emissions.²⁵ According to the IEA's World Energy Outlook 2023, the demand for oil, natural gas and coal is expected to peak before 2030 owing to the accelerated scaling of the clean energy transition.²⁶ Renewable energy has experienced strong growth worldwide, accounting for 16% of the global primary energy supply mix in 2020.²⁷ However, achieving net zero emissions in the energy sector by 2050 would require the share of renewable energy sources to increase to 77% of the global energy mix by 2050.²⁸

In 2023, the global renewable capacity reached 440 GW as a result of expanding policy support, growing concerns over energy security and improving the competitiveness of renewable energy against fossil fuels.²⁹ The IEA estimates that tripling the global installed capacity of renewable power by 2030 is needed to achieve

¹⁸ Ecoener, "Sustainability Report 2022", (2022), at: <https://ecoener.es/en/sustainability/>

¹⁹ Ecoener, "Human Rights Policy", (2023), at: https://ecoener.es/wp-content/uploads/2023/05/Policy-DDHH_Ecoener_EN-2023.pdf

²⁰ Ecoener, "Code of Conduct", (2020), at: <https://ecoener.es/wp-content/uploads/2020/06/ecoener-code-of-conduct.pdf>

²¹ Ecoener, "Sustainability Report 2022", (2022), at: <https://ecoener.es/en/sustainability/>

²² Ibid.

²³ Ecoener, "Community Relations Policy", (2023), at: https://ecoener.es/wp-content/uploads/2023/05/Community-relations-policy_Ecoener_EN_2023.pdf

²⁴ Ecoener, "Code of Conduct", (2020), at: <https://ecoener.es/wp-content/uploads/2020/06/ecoener-code-of-conduct.pdf>

²⁵ IEA, "Greenhouse Gas Emissions from Energy Data Explorer", (2023), at: <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>

²⁶ IEA, "World Energy Outlook 2023: Pathways for the energy mix", (2023), at: <https://www.iea.org/reports/world-energy-outlook-2023/pathways-for-the-energy-mix>

²⁷ IRENA, "World Energy Transitions Outlook 2023", (2023), at: https://mc-cd8320d4-36a1-40ac-83cc-3389-cdn-endpoint.azureedge.net/-/media/Files/IRENA/Agency/Publication/2023/Jun/IRENA_World_energy_transitions_outlook_v1_2023.pdf?rev=cc4522ff897a4e26a47906447c74bca6

²⁸ Ibid.

²⁹ IEA, "Renewable Energy Market Update - June 2023", (2023), at: <https://www.iea.org/reports/renewable-energy-market-update-june-2023/executive-summary>

net zero emissions from the energy sector by 2050.³⁰ To reach net zero emissions by 2050, annual clean energy investment worldwide will need to more than triple to USD 4 trillion by 2030.³¹ The global investment in renewable energy, which had reached USD 500 billion in 2022, however, only represented less than one-third of the average investment needed annually between 2023 and 2030 based on the IRENA’s 1.5°C Scenario.³² Wind, hydro and other renewable energy use needs to expand significantly to align with the Net Zero Emissions by 2050 Scenario³³ and to limit global warming to 1.5°C.³⁴

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

Contribution to SDGs

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

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

Conclusion

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

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

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

³⁰ Cozzi, L. et al. (2023), “Tripling renewable power capacity by 2030 is vital to keep the 1.5°C goal within reach”, IEA, at: <https://www.iea.org/commentaries/tripling-renewable-power-capacity-by-2030-is-vital-to-keep-the-150c-goal-within-reach>

³¹ IEA, “Net Zero by 2050”, (2021), at: <https://www.iea.org/reports/net-zero-by-2050>

³² IRENA, “Investments in Renewables Reached Record High, But Need Massive Increase and More Equitable Distribution”, (2023), at: <https://www.irena.org/News/pressreleases/2023/Feb/Investments-in-Renewables-Reached-Record-High-But-Need-Massive-Increase-More-Equitable-Distribution>

³³ IEA, “Renewables”, at: <https://www.iea.org/energy-system/renewables>

³⁴ IEA, “The path to limiting global warming to 1.5 °C has narrowed, but clean energy growth is keeping it open”, (2023), at: <https://www.iea.org/news/the-path-to-limiting-global-warming-to-1-5-c-has-narrowed-but-clean-energy-growth-is-keeping-it-open>

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