

The logo for Greenvolt, featuring a stylized 'G' icon followed by the word 'greenvolt' in a lowercase, sans-serif font. The 'G' icon is a blue circle with a white arrow-like shape inside, pointing to the right. The text 'greenvolt' is in a light blue color.

Greenvolt

Shaped by nature

Green Finance Framework

July 2024

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1. Overview

Greenvolt is a reference company on the Portuguese market and a recognised economic agent in the international renewable energies market, where it develops a strategy completely focused on renewable energies, based on three pillars: sustainable biomass, development of wind and solar Utility-Scale and distributed generation.

1. Sustainable Biomass

This segment was the genesis of Greenvolt, where the Group has been operating for more than 20 years. The six power plants owned by Greenvolt, located in Portugal (PT) and United Kingdom (UK), generate electricity from forestry and agricultural waste (PT) and urban wood waste (UK), valuing such waste and at the same time helping to clean up forests, and contributing to mitigate the risk of wildfires.

2. Development of wind and solar Utility-Scale

As a company focused on energy transition, Greenvolt is also engaged in the development, construction and operation of solar and wind projects, mostly under the banner Greenvolt Power, with presence in 17 countries. Greenvolt is thus a vertically integrated group, as it holds a full set of in-house skills across all value chain activities, such as development, construction management, and energy generation and management.

3. Distributed Generation

Greenvolt is also betting on this fast-growing segment, which is being actively promoted by the European Union, thus capturing growth opportunities that enhance strategic access to the consumer, while increasing the company's commitment to energy transition and carbon neutrality.

As at 31 December 2023, Greenvolt Group was present in 20 countries, with more than 700 employees in 18 of those countries.

2. Sustainability Strategy

Sustainability is intrinsically associated with the Greenvolt Group, which bases its business strategy on the promotion, development, operation, maintenance, and management, directly or indirectly, in Portugal or abroad, of power stations and other facilities for the production, storage and sale of energy from renewable sources. Greenvolt is committed to being a

benchmark in environmental, social and governance practices, both in its operations and throughout the value chain.

Concerning the Sustainability Strategy, significant progress was also made in 2023 in fulfilling the commitments made and consolidating our contribution to the Sustainable Development Goals and the principles of the United Nations Global Compact, which are fundamental in the areas of human rights, labour practices, environmental protection and anti-corruption.

Greenvolt is a relevant player in the renewables' market segments which are the most relevant contributors to the energy transition, that will contribute to meet the objective of the European Union (EU) to become carbon neutral by 2050 and to reduce its greenhouse gas emissions by at least 55% by 2030 from 1990 levels.

2.1 Approach to Sustainability

Greenvolt has been defining, developing and refining a set of principles, policies and initiatives to which it voluntarily subscribes, and which underpin lines of action to ensure responsible management in ESG dimensions, helping to achieve the company's defined strategy.

In parallel, in order to guarantee adjustment to a market in permanent change and to focus our performance on what is most relevant at each moment, sustainability management is based on cycles aligned with the Group's strategic planning cycles.

For the first strategic sustainability cycle of the Group, for the 2022-2025 period, we adopted a structured approach of continuous evolution and focused on value creation, based on five steps:



Greenvolt has put renewable energies and efficiency at the top of all its energy and climate plans, and is positioning itself in the renewable energy market with a differentiated business strategy, using different technologies in different geographies. In addition, it has adopted a set of ambitious climate and environmental protection objectives, in line with its Sustainability Policy and Strategic Plan.

Commitment	Targets 2026
Grow renewable energy production	On-balance-sheet operating capacity above around 2 GW in 2026 (versus 143 MW in 2021). Develop Greenvolt's pipeline of 8.4 GW by 2026, keeping 20-30% of MWs on the balance sheet and selling the remaining MWs in both RtB and COD statuses.
Reduce the carbon intensity of our own operations	Reduce carbon intensity by 45% on Scope 1 and Scope 2 emissions compared to the baseline year (2021).
Reduce the carbon footprint in line with climate science	Achieve carbon neutrality by reducing Scope 1 and Scope 2 emissions by 83 % in 2035 compared to the baseline year (2021)*
Increase the energy efficiency of the operation	Reduce biomass power plants' own energy consumption by 1.0% compared to the baseline year (2021)

The Annual Integrated Report of the Greenvolt Group highlights our commitment to share, with all stakeholders and with full transparency, the integrated and comprehensive vision of our business, our strategy, our performance and our contribution to meet today's most pressing economic, social and environmental challenges, with the strong purpose of contributing to a more sustainable future. It provides an overview of Greenvolt's approach to value creation in its various dimensions, on the main resources involved, and on the main impacts generated.

3. The Green Finance Framework

Greenvolt believes that green finance is key to accelerate the transition to a low carbon economy, being committed to integrate its sustainability agenda into its corporate finances. Since 2021, Greenvolt has issued three green bonds under its Green Bond Framework, to finance projects that improve its environmental performance, promote a clean and renewable energy production framework and strengthen integrated pollution prevention and control, thereby reinforcing its commitment to sustainability

The framework defined by Greenvolt is based on and aligned with the International Capital Markets Association (ICMA)'s Green Bond Principles (GBP) 2021¹ and the Loan Market

Association (LMA)'s Green Loan Principles (GLP) 2023². These principles are a set of voluntary guidelines that promote integrity in the development of the Green Bond and Loan markets.

The Greenvolt Green Financing Framework is based on the following 4 core components: (1) Use of proceeds, (2) Process for project evaluation and selection, (3) Management of proceeds, and (4) Reporting. The framework also follows the recommendation of the GBP and GLP with regards to external review.

To confirm such alignment, Greenvolt has engaged Sustainalytics as an external reviewer to provide a second-party opinion ("SPO") on this framework.

This framework may, from time to time, be updated to reflect changes to the Green Bond and Loan Principles, being applied to any green financing instrument issued by Greenvolt under this framework. Each updated framework will have a new Second Party Opinion issued.



3.1. Use of proceeds

Under this Green Finance Framework, Greenvolt intends to use the proceeds arising from the issue of Green Financing Instruments, which may include Bonds, Commercial Paper, Loans, Revolving Credit Facilities, Bank Guarantees and any other Green Financing Instrument, to finance and/or refinance new and/or existing renewable energy projects and energy efficiency projects (including biomass, wind, solar, decentralised generation and storage), integrated pollution prevention and control, M&A transactions within the renewable energy sector and other related and supporting capital, operating and R&D expenditures ("Eligible Green Projects").

The relevant use of proceeds comprises individual projects and/or investments or a portfolio of projects and/or investments of Greenvolt (and/or of a subsidiary company), being Greenvolt responsible for ensuring the compliance with the framework criteria whenever the issuances are made by any of its subsidiaries and affiliates.

The Eligible Green Projects are aimed to provide clear environmental benefits as a positive environmental impact, by avoiding or reducing greenhouse gas (GHG) emissions. Additionally, a few positive impacts can be added: energy efficiency, decarbonization, job creation and economic growth, reduction of forest fire risk / sustainable forest management practices, partnerships for the goals and enhance circular economy in alignment with Greenvolt's strategy as indicated above. Greenvolt incorporates into its strategy those SDGs where potential impact is more relevant and, as regards the Eligible Green Projects, we refer for further detail to Table 1 below.

Table 1: Eligible projects

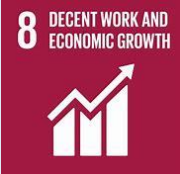

Eligible projects	Description	United Nations Sustainable and Development Goals (SDG)
<p>Renewable and Clean Energy</p> <p>Energy Efficiency</p>	<p>Renewable energy projects and energy efficiency projects (including residual forest biomass, agricultural residues biomass, wood waste, wind and solar, decentralised generation and storage), M&A transactions within the renewable energy sector (as detailed above in 2.1.) and other related and supporting capex, opex and R&D expenditures</p>	<p>7. Affordable and Clean Energy</p> <ul style="list-style-type: none"> ▪ SDG Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix. ▪ SDG Target 7.3: Improvement in energy efficiency 
<p>Integrated Pollution Prevention and Control</p>	<p>Reduction of air emissions and greenhouse gas reduction.</p> <p>Contribution to Decrease GHG emissions.</p> <p>Biomass power plants designed and operated according to the Best Available Techniques reference document (BREF).</p>	<p>12. Responsible Consumption and Production</p> <ul style="list-style-type: none"> ▪ SDG Target 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. 


Since Greenvolt is fully dedicated to renewable energy market, our green finance framework explicitly excludes activities related to fossil fuel production, and the use of fossil fuels as an energy source, ensuring our commitment to pollution prevention and environmental sustainability.

In addition to providing clean and renewable energy and to preventing and controlling pollution, renewable projects aim to contribute, among other, to social and environmental standards that benefit both local communities and territories surrounding the facilities. Hence, Greenvolt may have a positive impact by contributing to the SDGs detailed in Table 2 below.

Table 2: Positive impacts / externalities

Positive impacts / externalities	Description	United Nations Sustainable and Development Goals (SDG)
Energy Efficiency	<p>Energy efficiency management systems projects: improving the energy efficiency of industrial production process in a plant, operational energy saving projects, solutions for more efficient transmission and distribution of energy, contributing to the EU targets of energy efficiency</p> <p>Biomass power plants, whose design and construction follow the Best Available Techniques, as well as all in-House cumulative know-how.</p>	<p>7. Affordable and Clean Energy</p> <ul style="list-style-type: none"> SDG Target 7.3: By 2030, double the global rate of improvement energy efficiency. 
Decarbonisation	<p>Contribution to the objective of the EU to reduce 55% of GHG until 2030 by the reduction of greenhouse gas emissions.</p>	<p>13. Climate Action</p> <ul style="list-style-type: none"> SDG Target 13.2.: Integrate climate change measures into national policies, strategies and planning. 

<p>Job Creation and Economic Growth</p>	<p>Direct and indirect job creation, including plant operation and maintenance jobs, forestry biomass and wood waste activities and transportation, having social and economic impact.</p>	<p>8. Decent Work and Economic Growth</p> <ul style="list-style-type: none"> ▪ SDG Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 
<p>Reduction of Forest Fire Risk / Sustainable Forest Management (“SFM”) Practices</p>	<p>The biomass source is mainly materials resulting from forest cleaning operations, a very important issue concerning forest fires prevention and control.</p>	<p>15. Life on Land</p> <ul style="list-style-type: none"> ▪ SDG Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 
<p>Partnerships for the goals</p>	<p>Fostering partnerships across the value chain (upstream and downstream) for common goals regarding sustainable development</p>	<p>17. Multi-stakeholder partnerships</p> <ul style="list-style-type: none"> ▪ SDG Target 17.7: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

		
<p>Enhance Circular Economy</p>	<p>Promote non-hazardous by-products from the biomass power plants usage in downstream industries (such as: cement, ceramics, fertilizers, etc.).</p> <p>As a renewable material, is expectable that the biomass and wood waste valorisation, as primary energy source for electricity production, will be a long-term economic and environmentally sustainable process in all direct and related chain-value activities.</p>	<p>12. Responsible Consumption and Production</p> <ul style="list-style-type: none"> ▪ SDG Target 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. ▪ SDG Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. 

3.2. Process for project evaluation and selection

Eligible Green Projects as further described under 2.1. Use of Proceeds (including the financing and/or refinancing of new and/or existing projects and/or M&A transactions) will be considered for the Green Financing Instrument implementation and allocation procedures.

Together with the application of the Green Bond Principles and Green Loan Principles, Greenvolt’s projects and M&A transactions are subject to Environmental, Social and Governance (ESG) standards. In fact, Greenvolt analyses and conducts a thorough pre-screening of the projects in that regard, rejecting those that do not comply with E&S risk assessment or have credibility risk. Therefore, only those projects that successfully pass the referred pre-screening are taken into final consideration by the Investment Working Group (IWG). This group manages

and reviews all proposed projects and M&A transactions and is responsible for defining strategies, governance, risk management and monitoring the process, following the mandate from the Board of Directors. This group is formed by Greenvolt directors. Afterwards, the projects and M&A transactions follow to the Green Finance Committee (GFC), which is composed by members who come from several departments of Greenvolt Group (namely, Engineering, Environmental & Sustainability, Legal and Finance) and guarantee that the project and/or M&A transaction has the features and follows the steps to be defined as an Eligible Green Project. Subsequently, the GFC works close together with Greenvolt Treasury department in order to ensure the accurate and well-defined use of proceeds.

3.3. Management of proceeds

The net proceeds of Green Financing Instruments issued by Greenvolt will be managed on a portfolio basis. Proceeds will be used for the financing and/or refinancing of Eligible Green Projects (i.e. the financing of new projects and/or M&A transactions and/or the refinancing of existing projects and/or M&A transactions as further detailed above in 2.1. Use of Proceeds).

Greenvolt, through its Finance Department, aims to achieve a level of allocation to the Eligible Green Projects portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Financing Instruments. The Finance Department will guarantee the allocation of net proceeds by following an internal management system that aims to define the destination of cash-flows, set reserved accounts for not invested funds and adjust periodically the net proceeds. Additional eligible investments and/or projects will be added to the Eligible Green Projects portfolio as needed to ensure that the net proceeds from outstanding Green Financing Instruments will be allocated to Eligible Green Projects.

Eligible green assets shall qualify for refinancing without a specific look-back period, provided that at the time of issuance they align with the relevant Eligibility Criteria¹. In the event Greenvolt selects eligible green capital expenditures or operating expenditures, they shall qualify for refinancing with a maximum three-year look-back period before the issuance year of the Green Financing Instrument.

Greenvolt expects to allocate proceeds to Eligible Green Projects, selected in accordance with the eligibility criteria and the Process for Project Evaluation and Selection presented above, within 36 months of issuance of the Green Financing Instrument.

¹EU Green Bond Standard (https://finance.ec.europa.eu/system/files/2020-06/200309-sustainable-finance-teg-green-bond-standard-usability-guide_en.pdf)

Pending allocation of any Green Financing net proceeds, Greenvolt will temporarily hold and/or invest, at its own discretion, in its treasury liquidity portfolio (in cash or cash equivalents), or in reimbursement/purchase of existing debt, the balance of net proceeds not yet allocated to the Eligible Green Projects portfolio. Proceeds not immediately disbursed will not be invested in non-green projects, GHG intensive activities nor in controversial activities.

3.4. Reporting

As regards allocation and impact reporting, Greenvolt will report annually on its Sustainability Section of the Integrated Annual Report (which will be made available on its website) until full allocation of the outstanding Green Financing Instrument, and for any revolving credit facility, until full maturity of the loan. Allocation and impact reporting may be provided also at specific impact reports.

Greenvolt intends to report on the Eligible Green Projects portfolio on an aggregated basis, per type of renewable asset (for example biomass assets, wind assets, solar assets), subject to confidentiality obligations.

The allocation report is expected to include a description of Eligible Green Projects and to disclose a breakdown of the green finance proceeds outstanding, the total amount of the proceeds allocated to eligible categories and the unallocated amount.

Eligible categories

Examples of outputs and impact indicators

<p>Renewable and Clean Energy</p> <p>Energy Efficiency</p>	<ul style="list-style-type: none"> ▪ Installed renewable energy capacity (MW) ▪ Expected annual renewable energy generation (MWh) ▪ Estimated annual GHG emission avoided or reduced (tCO2e)
<p>Integrated Pollution Prevention and Control</p>	<ul style="list-style-type: none"> ▪ Reduction of biomass waste in the forest ▪ Recycled construction and demolition wood waste ▪ Estimated annual GHG emission avoided or reduced (tCO2e) ▪ Emissions of dust, nitrogen oxides (NOx), sulphur dioxide (SO2)

4. External review

4.1 Second-Party Opinion

Greenvolt has appointed Sustainalytics to provide a Second-Party Opinion (“SPO”) on its Green Finance Framework. The SPO and the Green Finance Framework will be made available to the investors on Greenvolt’s website at www.greenvolt.pt > [investors](#) > [green funding](#)

4.2 Verification

An independent external party will verify the internal tracking method and allocation of the funds until the full allocation of the outstanding green financing instrument.

5. Disclaimer

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