



**GREEN FINANCE
FRAMEWORK**

July 2023



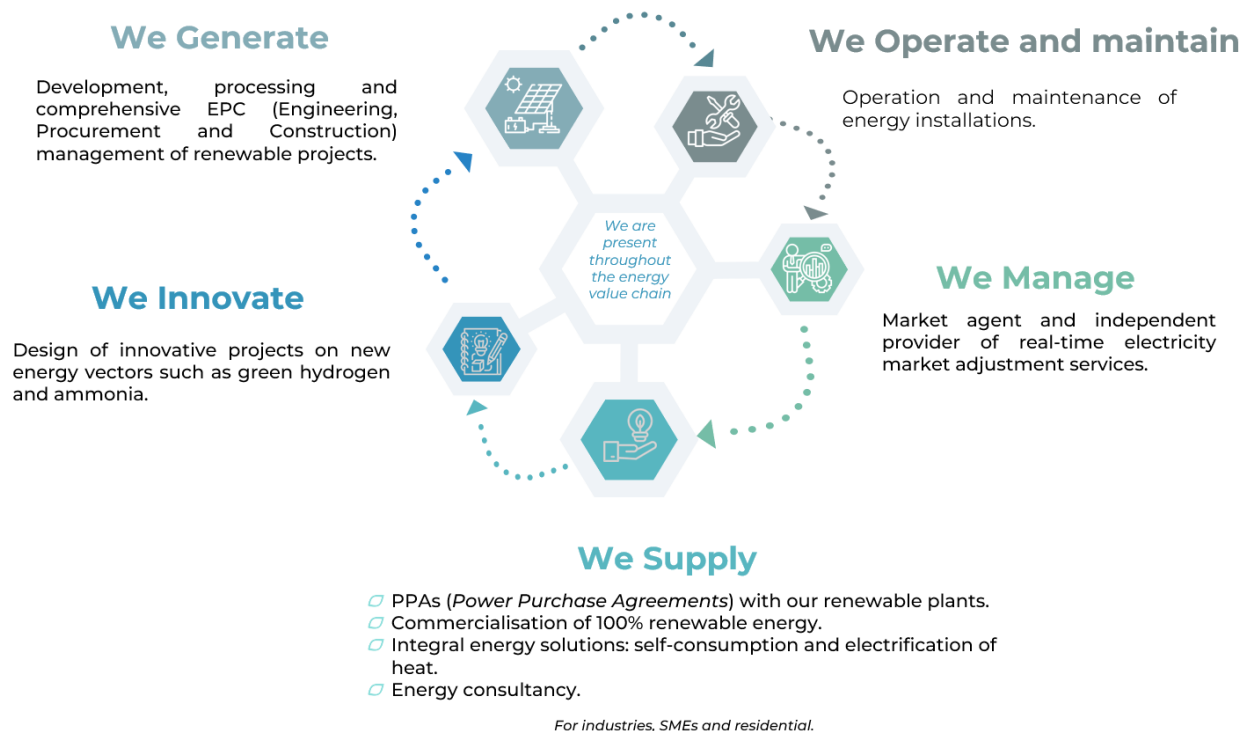
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1 INTRODUCTION

IGNIS¹ is a **global energy company**, vertically integrated in the renewable sector. The company is present throughout the entire energy value chain, around five major business areas:



Since its beginnings, IGNIS has had a clear goal: **to foster the development of a more efficient and sustainable energy model, contributing to an energy transition.** A purpose that has always been accompanied by a real social and environmental commitment, which allows IGNIS to contribute every day to the achievement of the Sustainable Development Goals:

¹ For these purposes, the IGNIS Group is understood as the group of companies in which IGNIS Energy Holdings, S.L. is the owner, directly or indirectly, of at least 50% of the share capital or voting rights, or of those that have control as provided in article 42 of the Commercial Code (Royal Decree of August 22, 1885, which publishes the Commercial Code)



At IGNIS we work to be key actors in the energy transition by incorporating a social and environmental vision.

Aligned with its purpose and values, IGNIS has **a strategic Sustainability Plan**, which will allow to consolidate a comprehensive and transparent sustainability model, aligned with the global trends and the best practices in Environmental, Social and Governance (ESG) matters throughout all the company's operations.



In line with this strategy and with IGNIS' goal, this Green Finance Framework will allow investment to be channeled towards projects that contribute to a decarbonization of the economy and a fair energy transition.



Governance at IGNIS

IGNIS structures its governance through its **Board of Directors**. Moreover, **the Business Committee** and the **Investment Committee** meet regularly. Decisions on sustainability are taken across the Board by all Board members in collaboration with the **Management Team**, each in their own area of action. Since 2022, these decisions are led and coordinated by the **Innovation, Sustainability and Brand Manager**.

CODES AND POLICIES IN FORCE IN THE FIELD OF ESG

- Code of ethics and conduct.
- Anti-corruption code.
- Policy on the prevention of money laundering and terrorist financing. Whistleblower channel.
- Occupational risk prevention policy. Protocol for the prevention of harassment and action in the event of a complaint of moral, sexual or gender-based harassment or any other discriminatory cause at work.
- Code of conduct for suppliers.
- Human Rights policy



2 OBJECTIVE & SCOPE OF APPLICATION

IGNIS aims to apply the highest standards in the activity it performs and does so for Green. With this objective, the company has designed, the “Green Financing Framework” (hereafter the “Framework”). This Framework has been created to facilitate transparency, disclosure, and integrity of the company’s green financing initiatives.

The scope of application of the framework applies to financial instruments and eligible projects, activities and business that will be located in Europe, America and Asia.

Green Financing instruments will follow the reporting criteria set up according to this Framework to the extent that is possible. This includes to adapt its annual reporting as described later.

Potential Green Financing instruments include green bonds (green use of proceeds bonds), green loans (green use of proceeds loans), green project finance and any other financial instruments, such as transactional banking products (e.g. guarantees lines, suppliers finance instruments, stand-by letters of credit), used for the financing, development, construction and operation of eligible assets and projects.

IGNIS could eventually update this Framework and commits that any new version will keep or improve current levels of transparency and reporting (with the corresponding review by an external advisor) and that it will be publicly disclosed in its website.



3 GUIDELINES

The ICMA Green Bond Principles (GBP) and the LMA Green Loan Principles (GLP), are a set of voluntary guidelines that promote integrity in the development of green financing instruments. They aim to facilitate and support environmentally sustainable economic activity.

This Framework is aligned with the internationally recognized guidelines in four core components:

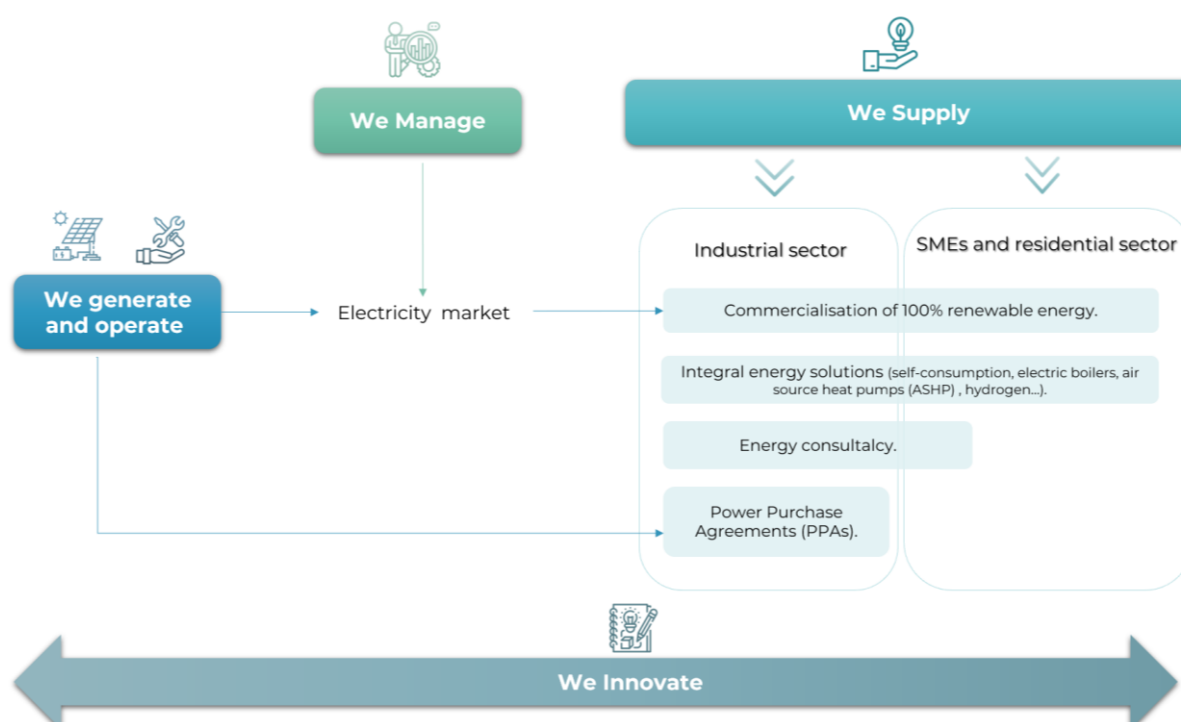
- Use of Proceeds.
- Process for Project Evaluation and Selection.
- Management of Proceeds.
- Reporting.



4 PROCEDURES

4.1 Use of Proceeds

IGNIS' main business areas allow renewable energies to have a real presence in the market, driving decarbonisation at every level, both in the industrial sector and among large and small consumers.




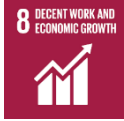




Green financing instruments will be used to finance, or refinance, in whole or in part, Renewable Energy Production and Energy Storage Eligible projects according to the GLP and the GBP.

In order to maintain the highest degree of transparency possible, IGIS establishes that, in the event of a potential green bond issuance, the expected look-back period for the Eligible Green Projects will be considered 3 years.



Eligible Project Categories

IGNIS intends to use the funds obtained from the green financing instruments to finance, or refinance, in whole or in part, new costs or existing loans for the research, development, construction and/or operation of facilities of eligible green projects, assets or services within the categories detailed below.

Eligible Project Category	Use of Proceeds	e.g. of type of project	Related SDG
Energy access	Access to sustainable energy by connecting or improving the connection between renewable energy sources.	<i>Construction projects for power lines and substations to improve access to renewable energy in rural areas</i>	 
Renewable energy production	Generation of electricity through photovoltaic solar technology, wind technology or through the hybridization of both technologies.	<i>Solar PV project procurement to be constructed</i>	 
Energy Storage	Storage of renewable energy through batteries to improve efficiency in energy management.	<i>Battery Project procurement to be constructed</i>	
Green Technologies	Production of renewable energy through disruptive solutions such as green hydrogen, green ammonia and ad-hoc solutions for different industries.	<i>Development of H2 or green ammonia industrial projects</i>	



All the activities described in the table contribute to mitigating change through the electrification of the energy system and the decarbonization of the industry and are developed under IGNIS's commitment to social contribution to communities and respect for the environment and the promotion of the biodiversity.

Exclusions:

Only projects falling into one of the eligible categories will be considered for green financing. The following are excluded:

- Projects in the energy sector that are associated with non-renewable activities and are directly or indirectly linked to the generation of energy from fossil fuels.
- Projects that, even if they are linked to eligible projects or have emerged as a result of eligible projects (e.g., social projects supporting the communities where we operate), do not contribute to the decarbonization of the economy.

All projects eligible for green financing will be in line with IGNIS' corporate policies, particularly those regarding Human Rights, and will be developed in compliance with all social and environmental commitments made by IGNIS.

4.2 Process for Project Evaluation and Selection

IGNIS' New Developments department conducts environmental, social and technical feasibility studies at the start of each project. Once their viability has been assured, the projects are developed following an exhaustive process led by the technical and environmental teams, and supported by the Sustainability area, in which a fluid dialogue is maintained with the administrations involved and with the different interest groups.

This form of multidisciplinary management, focused on reducing any negative impact and fostering alliances and positive impacts, makes it possible to manage and minimize any technical, social and environmental risk that may arise throughout the process.

The Financing Department studies the financing needs of each project and, together with the Sustainability Department, will determine which of them can be classified as eligible greens on the basis of what is defined in this Framework, especially in the Use of Proceeds section (those that fall into any of the four eligible categories taking into account the exclusions described). This process will ensure that projects ultimately designated as eligible green projects on IGNIS, are projects that contribute to climate



change mitigation and adaptation while meeting environmental and social conditions that do not significantly undermine any of the European Commission's other objectives.

4.3 Management of Proceeds

IGNIS will track the use of proceeds of Green Financing instruments under this Framework to make sure that they are used to finance or refinance eligible projects described under section “Use of Proceeds” in this Framework.

IGNIS follows a recurrent monthly methodology to monitor cash movements and debt positions, which is articulated as follows:

1. On the one hand, both project and corporate finance teams prepare their monitoring reports with details of the debt raised and outstanding, while managing all contracts and cash movements. They consolidate in a single debt report.
2. On the other hand, the treasury team reviews the final cash position and consolidates to match the movements that have occurred with the ending of period positions for each month and also presents a treasury report which reflects the cash outflows for debt repayments and interest.
3. These reports are presented every month in the BoD, which is composed of the directors appointed by IGNIS and Vortex, and are shared through an asset management report together with all the main metrics of the business lines and other financial rolling positions.
4. The monitoring of eligible projects will be included in these reports through a specific section in the financing part in order to ensure the correct use of the proceeds.

4.4 Reporting

An annual allocation report will be made publicly available, which details on the allocation of the net proceeds. •

IGNIS will include an appendix on their Non-Financial Annual Report that covers the reporting information.



For Green Loan and Bond facilities, IGNIS will incorporate a list of Green Projects to which the green loan proceeds have been allocated. The list will include a small description of the project and the expected environmental impact.

The allocation report will include the following details:

- Total amount allocated to Eligible Green Projects;
- Total amount allocated per Eligible Green Project Category;
- Share of new financing and refinancing;
- The amount remaining unallocated.

In the case of a Green Bond issuance, an annual allocation report will be made publicly available within one year of the issuance until full allocation and on a timely basis in case of a material development.

Ignis will provide impact reporting on the expected environmental impacts of the Eligible Green Projects, in line with the best practice guidance on impact reporting. As an example, the indicators that can be used for each of the eligible categories are shown below:



- Energy Access

Project Name	MW	Tech.	Type of project	CAPEX (k€)	OPEX (k€)	Facility supplied	Life-time	Annual energy generation	Portfolio financed (k€)	% of signed amount	Annual GHG emissions avoided (ton. CO ₂)
e.g. P1											

- Renewable energy production

Project Name	MW	Tech.	CAPEX (k€)	OPEX (k€)	Life-time	Annual energy generation	Portfolio financed (k€)	% of signed amount	Annual GHG emissions avoided (ton. CO ₂)	# trees saved	# households supplied
e.g. P2											

- Energy Storage

Project Name	MW	Hours	Energy (MWh)	CAPEX (k€)	OPEX (k€)	# cycles	Captured price (€/MWh)	Portfolio financed (k€)	% of signed amount	Annual GHG emissions avoided
e.g. P3										

- Green Technologies

Project Name	Tech.	MW electrolyser	Production	CAPEX (k€)	OPEX (k€)	Electricity consumed (MWh)	Type of Project (grid / self-consump.)	Portfolio financed (k€)	% of signed amount	Annual GHG emissions avoided
e.g. P3										

Allocation reports will remain available until the maturity of the financing instrument



5 VERIFICATION

IGNIS has appointed Valora Consultores, S.L. as an independent party to issue a Second Opinion Report (“SPO”) on the alignment of the Green Financing Framework. The Green Financing Framework and Valora’s SPO will be made publicly available on IGNIS’ corporate website during the time of issuance and throughout the tenure of the Green Financing as its ongoing commitment to transparency and integrity.

Ignis is committed to engage an assurance provider, or an External Reviewer to assess the compliance of the bonds issued against the Green Financing Framework on an annual basis.

The resulting report will be made public at Ignis’ website.