

# CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES S.L.

## SUSTAINABILITY-LINKED FINANCING FRAMEWORK

### DNV ELIGIBILITY ASSESSMENT

#### Scope and objectives

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.L. (hereafter referred to as "CAER") is a 100% clean energy company belonging to the ACCIONA group. CAER is specialized in the development, engineering, construction, operation, and maintenance of renewable energy generation assets, with near 10.700 MW of power installed in 16 countries across 5 continents.

CAER has developed a Sustainability Linked Financing Framework (the "Framework"). The Framework enables issuance of sustainability-linked Bonds (SLBs), loans (SLLs) or other financial instruments to finance and support activities that will contribute to the Company's Sustainability Master Plan (SMP 2025), through:

Contribution to the global goals reducing the global footprint from own operations, aligned with corporate strategy, and representing a material improvement.

Contribution to the 2030 Agenda, maximizing shared value and inclusive growth with additional projects that multiply own operations positive impact on the community, activating levers of local development, such as local employment, economic activity, training, and access to basic services such as water and electricity.

CAER has identified following Key Performance Indicators (KPIs):

1. % CAPEX aligned with EU Taxonomy Regulation
2. Net POSITIVE by Nature-based Solutions.

CAER will assess its sustainability performance against the following Sustainability Performance Targets (SPTs):

SPT 1: Average >95% of CAPEX aligned with the EU Taxonomy Regulation in the period 2021-2025

SPT 2: Net POSITIVE by Nature-based Solutions. To incorporate Nature-Based Solutions (NBS) that are equal or equivalent to planting and monitoring growth of more than 500.000 trees until 2025, capable of neutralising CAER's carbon footprint.

DNV Business Assurance España S.L ("DNV") has been commissioned by CAER to provide an eligibility assessment of the Framework under which it can finance and support activities with a general purpose.

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Our objective has been to provide an assessment on whether the Framework meets the criteria established within the International Capital Market Association (ICMA) Sustainability-Linked Bond Principles 2020 (SLBP) and the Loan Market Association (LMA) Sustainability-Linked Loan Principles 2020 (SLLP).

No assurance is provided regarding the financial performance of any financial instrument, the value of any investments in a financial instrument, or the long-term environmental benefits of any transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

## Responsibilities of the Management of Client and DNV

The management of CAER has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform CAER's management and other interested stakeholders in the Framework as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by CAER. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by CAER management and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

We have adapted our eligibility assessment protocol, which incorporates the requirements of the SLBP and SLLP to create a CAER-specific Sustainability-Linked Financing Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a Sustainability-Linked Bond should *"provide an investment opportunity with transparent sustainability credentials"* and that a Sustainability Linked Loan should *"facilitate and support environmentally and socially sustainable economic activity and growth"*.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the five Principles:

- **Principle One: Selection of Key Performance Indicators (KPIs).** The issuer of a sustainability-linked bond should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed Sustainability Performance Targets (SPT). The KPI should be relevant, core and material to the issuer's core sustainability and business strategy, measurable or quantifiable on a consistent methodological basis, externally verifiable; and able to be benchmarked externally.

- **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** The SPTs should be ambitious, meaningful, and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.
- **Principle Three: Bond Characteristics.** The bond will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The bond documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the SLB's financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.
- **Principle Four: Reporting.** Issuers should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report outlining the performance against the SPT(s) and the related impact and timing of such impact on the bond's financial and/or structural characteristics, with such information to be provided to investors participating in the bond at least once per annum.
- **Principle Five: Verification (Post-issuance).** The Issuer should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, such as an auditor, environmental consultant and/or independent ratings agency, at least once a year. The verification of the performance against the SPT(s) should be made publicly available.

Through this protocol we have also included and reviewed the Framework against the SLLP:

- **Principle One** - Relationship to Borrower's Overall Corporate Social Responsibility (CSR) Strategy
- **Principle Two** - Target Setting – Measuring the Sustainability of the Borrower
- **Principle Three** - Reporting
- **Principle Four** – Review

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by CAER in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an CAER-specific Protocol, adapted to the purpose of the Framework, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by CAER on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with CAER management, as well as review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

## Findings and DNV's opinion

DNV's summary findings are listed below, with further detail provided in [Schedule 2](#):

### 1. Principle One: Selection of Key Performance Indicators (KPIs).

CAER has identified two KPIs to where it commits to future sustainability improvements within a predefined timeline and are aligned with EU Taxonomy Regulations and Sustainable Development Goal (SDG) 15 (Life on land).

**KPI 1:** % CAPEX aligned with EU Taxonomy Regulation.

**KPI 2:** Net POSITIVE by Nature-based Solutions (NBS).

KPI 1 is calculated as CAPEX aligned with the EU Taxonomy / Total CAPEX in the fiscal year. To be considered Taxonomy-eligible, CAER's activities must:

- Meet the EU Taxonomy's technical screening criteria (TSC) for climate change mitigation and/or adaptation.
- Do no significant harm to any other environmental objective ("DNSH" criteria).
- Comply with minimum social safeguards.

The % of CAPEX aligned with EU Taxonomy can provide a clear, forward-looking signal of a company's shift towards lower-carbon activities. The methodology for the calculation of the KPI is measurable and quantifiable on a consistent methodological basis. Based on the evidence reviewed, DNV considers KPI 1 to be relevant and material to the company's business strategy and sustainability performance.

NBS represents local impactful activities additionally to CAER's projects main contribution and maximizing the impact beyond its business through environmental, social and economic benefits. This is part of the Company's approach to sustainability adding social benefits and additional prosperity enablers to the main environmental benefits resulting of designing, building, and operating infrastructures.

### 2. Principle Two: Calibration of Sustainability Performance Targets (SPT).

Aligned with the KPIs outlined above, CAER has set the following SPTs:

SPT 1: Average >95% of CAPEX aligned with the EU Taxonomy Regulation in the period 2021-2025

SPT 2: Net POSITIVE by Nature-based Solutions. To incorporate Nature-Based Solutions (NBS) that are equal or equivalent to planting and monitoring growth of more than 500.000 trees until 2025, capable of neutralising CAER's carbon footprint.

DNV considers SPT 1 aligned with CAER's sustainability strategy. Climate change mitigation is one of the Company's key strategic objectives in Sustainability Master Plan 2025, and its target to maintain CAPEX at > 95% EU Taxonomy aligned, will contribute directly to meet this objective. The SPT uses clear calculation methodologies (EU Taxonomy) and has yearly milestones defined. Achievement will however be measured by end of 2025 as an average over the period, given that investments will not occur on uniform basis. DNV can also confirm that this is a leading target compared to CAER's peers.

DNV notes the positive local impact of SPT 2 and its contribution to the projects's capacity to promote development, while the environmental footprint tends to zero. This target is relevant to the Company's overarching sustainability strategy as defined in the SMP 2025. It uses clear calculation methodologies based on CO<sub>2</sub> absorption rates for different tree species, and guidelines for calculation issued by the Ministry of Ecological Transition (MITECO) of the Spanish Government and the US Department of Energy. Yearly milestones have been defined, but a baseline and historical data are not available for comparison.

Based on the work undertaken, DNV can confirm that the SPTs represent a material improvement beyond a "Business as Usual" trajectory and is consistent with CAER's overall sustainability and set on a predefined timeline in accordance with the SLBP.

### 3. Principle Three: Bond Characteristics.

Within the Framework, CAER has committed to ensuring the failure to meet the SPT 1 by the reference date as specified in the relevant documentation of the specific transaction will result in a contribution to the United Nations Environment Programme (UNEP) to remove 500 tCO<sub>2</sub>e per each M€ of CAPEX shortfall relative to SPT1, using Nature-Based Solutions.

Based on the achievement of SPT 2 annual targets, the Margin may vary annually in the following way:

- If annual targets are met, the applicable Margin will be reduced by 5 bps.
- If the annual targets are not met, the applicable Margin will revert to the initial Margin (i.e. an increase of 5 bps).
- Margin adjustments are not cumulative in successive years; the maximum decrease in the applicable Margin for annual compliance with SPT 2 will be 5bps.

At maturity, prepayment or cancellation, if the real cumulative progress of SPT 2 lies below the path committed by the annual targets, the company will make a contribution to UNEP equivalent to the shortfall observed.

Details of any other step-up margin to investors in any Sustainability-Linked-Bond will be set out in the offering documentation.

If for any reason SPT 2 cannot be calculated or observed, the reduced Margin will not be applicable. Fallback mechanism for KPI 1 / SPT 1 is not required given the materiality to the business of this indicator.

Based on the evidence reviewed, DNV can confirm the Bond Characteristics are in line with the requirements of the SLBP.

#### **4. Principle Four: Reporting.**

DNV can confirm CAER has committed to reporting annually on the sustainable financing instruments. This reporting will be published pre- and post-issuance. The post issuance reporting may include:

- Up-to-date information on the performance of the selected KPIs and SPTs, including baselines.
- Illustration of the positive sustainability impacts of the performance improvement.
- Verification / Assurance report: Reports on verified SPTs will be made publicly available, outlining the performance vs. SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics.
- In the event of non-compliance with the SPTs, in the terms defined in the Framework, information will be reported on the contribution to the UNEP - UN Environment Program and projects carried out to generate the impact committed by CAER.

DNV can confirm CAER has committed to reporting in line with the requirements of the SLBP and SLLP.

#### **5. Principle Five: Verification.**

DNV can confirm CAER has committed to report the performance and related impact of KPI/SPTs on annual basis as part of CAER's annual Integrated Report. The report will be verified by an appropriate qualified independent party of assurance and will be made available on CAER's website.

DNV can confirm CAER has committed obtaining verification in line with the requirements of the SLBP.

On the basis of the information provided by CAER and the work undertaken, it is DNV's opinion that the CAER Sustainability-Linked Financing Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of sustainability linked loan within the Sustainability Linked Loan Principles as well as sustainability-linked bonds within the Sustainability Linked Bond Principles 2020, which is to *"incentivise the issuer's achievement of material, quantitative, pre-determined, ambitious, regularly*

*monitored and externally verified sustainability (ESG) objectives through KPIs and SPTs”, thereby providing “an investment opportunity with transparent sustainability credentials”.*

**for DNV Business Assurance España, S.L.**

Madrid, 25 May 2021



**Lars Appel**

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DNV – Business Assurance



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#### About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers’ decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

**SCHEDULE 1: DESCRIPTION OF CAER’S KEY PERFORMANCE INDICATORS (KPI) AND SUSTAINABILITY PERFORMANCE TARGETS (SPT)**

KEY PERFORMANCE INDICATOR (KPI)	SUSTAINABILITY PERFORMANCE TARGET (SPT)	SDG ALIGNMENT
<p><b>% CAPEX aligned with EU Taxonomy Regulation.</b></p>	<p>Average &gt;95% of CAPEX aligned with the EU Taxonomy Regulation</p>	<p>-</p>
<p><b>Net POSITIVE by Nature-based Solutions (NBS).</b></p>	<p>SPT 2: Net POSITIVE by Nature-based Solutions. To incorporate Nature-Based Solutions (NBS) that are equal or equivalent to planting and monitoring growth of more than 500.000 trees until 2025, capable of neutralising CAER’s carbon footprint.</p>	<p>SDG 15: Life on land</p>

## SCHEDULE 2: SUSTAINABILITY-LINKED BOND ELIGIBILITY ASSESSMENT PROTOCOL

### 1. Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The issuer’s sustainability performance is measured using sustainability KPIs that can be external or internal.</p> <p>The KPIs should be material to the issuer’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management’s control. The KPI should be of high strategic significance to the issuer’s current and/or future operations.</p> <p>It is recommended that issuers communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>– Sustainability Linked Financing Framework, May 2021</li> <li>– EU Low Carbon Taxonomy: ACCIONA’S Case Study 2020</li> <li>– Annual accounts 2020</li> <li>– Draft Sustainability Report 2020</li> <li>– Sustainability Master Plan 2025</li> <li>– Independent Assurance Reports 2017-2020</li> <li>– Report on CO2 capture – Nature based solutions.</li> <li>– Draft MoU UNEP_CAER_2021</li> <li>– Discussions with the issuer</li> </ul>	<p>CAER has identified two KPIs to where it commits to future sustainability improvements within a predefined timeline and are aligned with EU Taxonomy Regulations and Sustainable Development Goal (SDG) 15 (Life on land).</p> <ul style="list-style-type: none"> <li>– KPI 1: % CAPEX aligned with EU Taxonomy Regulation.</li> <li>– KPI 2: Net POSITIVE by Nature-based Solutions (NBS).</li> </ul> <p>KPI 1 is calculated as CAPEX aligned with the EU Taxonomy / Total CAPEX in the fiscal year. To be considered Taxonomy-eligible, CAER’s activities must:</p> <ul style="list-style-type: none"> <li>– Meet the EU Taxonomy’s technical screening criteria (TSC) for climate change mitigation and/or adaptation.</li> <li>– Do no significant harm to any other environmental objective (“DNSH” criteria).</li> <li>– Comply with minimum social safeguards.</li> </ul> <p>The % of CAPEX aligned with EU Taxonomy can provide a clear, forward-looking signal of a company’s shift towards lower-carbon activities. The methodology for the calculation of the KPI is measurable and quantifiable on a consistent methodological basis. Based on the evidence reviewed, DNV considers KPI 1 to be relevant and material to the company’s business strategy and sustainability performance.</p> <p>NBS represents relevant, local, impactful activities additionally to CAER’s projects main contribution and maximizing the impact beyond its business through environmental, social and economic benefits. This is part of the Company’s approach to sustainability adding social benefits and additional prosperity enablers to the main</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				environmental benefits resulting of designing, building, and operating infrastructures.
1b	KPI - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPTs level of ambition.</p> <p>Issuers are encouraged, when possible, to select KPI(s) that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected.</p> <p>In situations where the KPIs have not been previously disclosed, issuers should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.</p>	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>- Sustainability Linked Financing Framework, May 2021</li> <li>- EU Low Carbon Taxonomy: ACCIONA'S Case Study 2020</li> <li>- Annual accounts 2020</li> <li>- Draft Sustainability Report 2020</li> <li>- Sustainability Master Plan 2025</li> <li>- Independent Assurance Reports 2017-2020</li> <li>- Report on CO2 capture – Nature based solutions.</li> <li>- Draft MoU UNEP_CAER_2021</li> <li>- Discussions with the issuer</li> </ul>	<p>After reviewing the evidence, DNV can confirm the KPI's are measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked</p> <p>From the documents assessed we can confirm:</p> <ul style="list-style-type: none"> <li>• Measurability of KPI 1 is clearly defined, there is historical data in place for KPI 1 over the last two years.</li> <li>• KPI 1 is externally verifiable against international and national reporting standards and frameworks (EU Taxonomy)</li> </ul> <p>Information of this is published in the Framework and the document, EU Low Carbon Taxonomy: ACCIONA'S Case Study 2020 (Case Study)</p>
1c	KPI – Clear definition	A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter	Including management interviews DNV also undertook a review of:	Based on the Framework and the Case Study, DNV can confirm the scope, parameters, and calculation methodology for the KPIs clearly defined.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		as well as the calculation methodology	<ul style="list-style-type: none"> <li>- Sustainability Linked Financing Framework, May 2021</li> <li>- EU Low Carbon Taxonomy: ACCIONA'S Case Study 2020</li> <li>- Annual accounts 2020</li> <li>- Draft Sustainability Report 2020</li> <li>- Sustainability Master Plan 2025</li> <li>- Independent Assurance Reports 2017-2020</li> <li>- Report on CO2 capture - Nature based solutions.</li> <li>- Draft MoU UNEP_CAER_2021</li> <li>- Discussions with the issuer</li> </ul>	

## 2. Calibration of Sustainability Performance Targets (SPT)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the issuer's business and be consistent with the issuers' overall strategic sustainability/ESG strategy	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>- Sustainability Linked Financing Framework, May 2021</li> <li>- EU Low Carbon Taxonomy: ACCIONA'S Case Study 2020</li> <li>- Annual accounts 2020</li> <li>- Draft Sustainability Report 2020</li> <li>- Sustainability Master Plan 2025</li> <li>- Independent Assurance Reports 2017-2020</li> <li>- Report on CO2 capture - Nature based solutions.</li> <li>- Draft MoU UNEP_CAER_2021</li> <li>- Discussions with the issuer</li> </ul>	<p>Aligned with the KPIs outlined above, CAER has set the following SPTs:</p> <ul style="list-style-type: none"> <li>- SPT 1: Average &gt;95% of CAPEX aligned with the EU Taxonomy Regulation in the period 2021-2025.</li> <li>- SPT 2: Net POSITIVE by Nature-based Solutions. To incorporate Nature-Based Solutions (NBS) that are equal or equivalent to planting and monitoring growth of more than 500.000 trees until 2025, capable of neutralising CAER's carbon footprint.</li> </ul> <p>DNV considers SPT 1 aligned with CAER's sustainability strategy. Climate change mitigation is one of the Company's key strategic objectives in Sustainability Master Plan 2025, and its target to maintain CAPEX at &gt; 95% EU Taxonomy aligned, will contribute directly to meet this objective. The SPT uses clear calculation methodologies (EU Taxonomy) and has yearly milestones defined. Achievement will however be measured by end of 2025 as an average over the period, given that investments will not occur on uniform basis. DNV can also confirm that this is a leading target compared to CAER's peers.</p> <p>DNV notes the positive local impact of SPT 2 and its contribution to the project's capacity to promote development, while the environmental footprint tends to zero. This target is relevant to the Company's overarching sustainability strategy as defined in the SMP 2025. It uses clear calculation methodologies based on CO2 absorption rates for different tree species, and guidelines for calculation issued by the Ministry of Ecological Transition (MITECO) of the Spanish Government and the US Department of Energy. Yearly milestones have been defined, but a baseline and historical data are not available for comparison.</p> <p>Based on the work undertaken, DNV can confirm that the SPTs represent a material improvement beyond a "Business as Usual" trajectory and is consistent with CAER's overall</p>

				sustainability and set on a predefined timeline in accordance with the SLBP.
2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a “Business as Usual” trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the bond.	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>– Sustainability Linked Financing Framework, May 2021</li> <li>– EU Low Carbon Taxonomy: ACCIONA’S Case Study 2020</li> <li>– Annual accounts 2020</li> <li>– Draft Sustainability Report 2020</li> <li>– Sustainability Master Plan 2025</li> <li>– Independent Assurance Reports 2017-2020</li> <li>– Report on CO2 capture – Nature based solutions.</li> <li>– Draft MoU UNEP_CAER_2021</li> <li>– Discussions with the issuer</li> </ul>	Based on the evidence reviewed DNV can confirm that the SPTs represent a material improvement beyond a “Business as Usual” trajectory and is consistent with CAER’s overall sustainability in accordance with the SLBP.
2c	Target Setting – benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> <li>1. The issuer’s own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI</li> <li>2. The SPTs relative positioning versus the issuer’s peers where comparable or available, or versus industry or sector standards and/or</li> <li>3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon</li> </ol>	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>– Sustainability Linked Financing Framework, May 2021</li> <li>– EU Low Carbon Taxonomy: ACCIONA’S Case Study 2020</li> <li>– Annual accounts 2020</li> <li>– Draft Sustainability Report 2020</li> <li>– Sustainability Master Plan 2025</li> <li>– Independent Assurance Reports 2017-2020</li> <li>– Report on CO2 capture – Nature based solutions.</li> <li>– Draft MoU UNEP_CAER_2021</li> <li>– Discussions with the issuer</li> </ul>	DNV considers the SPTs aligned with CAER’s sustainability strategy. Climate change mitigation is one of the Company’s key strategic objectives in Sustainability Master Plan 2025, and maintaining CAPEX at > 95% EU Taxonomy aligned, and Net positive by NBS will contribute directly to meet this objective. The SPT uses clear calculation methodologies and have yearly milestones defined.

		budgets) or official country/regional/international targets or to recognised Best-Available-Technologies or other proxies		
2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> <li>1. The timelines of target achievement, the trigger event(s), and the frequency of SPTs</li> <li>2. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used</li> <li>3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place</li> <li>4. Where possible and taking into account competition and confidentiality considerations, how the issuers intend to reach such SPTs</li> </ol>	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>– Sustainability Linked Financing Framework, May 2021</li> <li>– EU Low Carbon Taxonomy: ACCIONA’S Case Study 2020</li> <li>– Annual accounts 2020</li> <li>– Draft Sustainability Report 2020</li> <li>– Sustainability Master Plan 2025</li> <li>– Independent Assurance Reports 2017-2020</li> <li>– Report on CO2 capture – Nature based solutions.</li> <li>– Draft MoU UNEP_CAER_2021</li> <li>– Discussions with the issuer</li> </ul>	<p>It is our opinion that CAER’s disclosures on target setting for SPT 1 are adequate for the following reasons:</p> <ul style="list-style-type: none"> <li>• The timelines to achieve the targets and the trigger events, are clearly disclosed in the Framework and other documentation.</li> <li>• Clear road map to SPT achievement. DNV considers CAER has described how it intends to reach the SPTs in supporting documentation.</li> </ul> <p>DNV can confirm that this is clearly outlined in the Framework and consistent with the SLBP.</p>

### 3. Bond Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Bond Characteristics – SPT Financial/structural impact	The SLB will need to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the predefined SPT(s).	Including management interviews DNV also undertook a review of: <ul style="list-style-type: none"> <li>Sustainability Linked Financing Framework, May 2021</li> </ul>	<p>Within the Framework, CAER has committed to ensuring the failure to meet the SPT 1 by the reference date as specified in the relevant documentation of the specific transaction will result in a contribution to the United Nations Environment Programme (UNEP) to remove 500 tCO<sub>2</sub>e per each M€ of CAPEX shortfall, using Nature-Based Solutions.</p> <p>Based on the achievement of SPT 2 annual targets, the Margin may vary annually in the following way:</p> <ul style="list-style-type: none"> <li>If annual targets are met, the applicable Margin will be reduced by 5 bps.</li> <li>If the annual targets are not met, the applicable Margin will revert to the initial Margin (i.e. an increase of 5 bps)</li> <li>Margin adjustments are not cumulative in successive years; the maximum decrease in the applicable Margin for annual compliance with SPT 2 will be 5bps.</li> </ul> <p>At maturity, prepayment or cancellation, if the real cumulative progress of SPT 2 lies below the path committed by the annual targets, the company will make a contribution to UNEP equal to the shortfall observed.</p> <p>Details of any other step-up margin to investors in any Sustainability-Linked-Bond will be set out in the offering documentation.</p> <p>DNV can therefore confirm that the inclusion of trigger event(s) under the Framework is in line with the requirements outlined by the SLBP.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3b	Bond Characteristics – Fallback mechanism	<p>Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained.</p> <p>Issuers may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events.</p>	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>Sustainability Linked Financing Framework, May 2021</li> </ul>	<p>If for any reason SPT 2 cannot be calculated or observed, the reduced Margin will not be applicable.</p> <p>A fallback mechanism for KPI 1 / SPT 1 is not required given the materiality to the business of this indicator.</p>

#### 4. Reporting commitments

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	<p>Issuers of SLBs should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> <li>Up-to-date information on the performance of the selected KPI(s), including baselines where relevant</li> <li>A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond’s financial and/or structural characteristics</li> </ol>	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>Sustainability Linked Financing Framework, May 2021</li> </ul>	<p>DNV can confirm CAER has committed to reporting annually on the sustainable financing instruments. This reporting will be published pre- and post-issuance. The post issuance reporting may include:</p> <p>Up-to-date information on the performance of the selected KPIs and SPTs, including baselines.</p> <p>Illustration of the positive sustainability impacts of the performance improvement.</p> <p>Verification / Assurance report: Reports on verified SPTs will be made publicly available, outlining the performance vs. SPTs and the related impact, and timing of such impact, on the bond’s financial and/or structural characteristics. In the event of non-compliance with the SPTs, in the terms defined in the Framework, information will be reported on the contribution to</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>3. Any information enabling investors to monitor the level of ambition of the SPTs</p> <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB's financial and/or structural characteristics.</p>		<p>the UNEP - UN Environment Program and projects carried out to generate the impact committed by CAER.</p> <p>DNV can confirm CAER has committed to reporting in line with the requirements of the SLBP.</p>
4b	Second Party Opinion	Publication of any pre-issuance external review, such as a second party opinion, or if relevant a verification of baselines.	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>Sustainability Linked Financing Framework, May 2021</li> </ul>	CAER has committed to conducting a second party opinion on the Framework, meeting the SLBP. This includes an assessment of the KPIs selected, benchmark and baselines selected, and the credibility of the strategy to achieve them.

## 5. Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	Issuers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>Sustainability Linked Financing Framework, May 2021</li> </ul>	DNV can confirm CAER has committed to report the performance and related impact of KPI/SPTs on annual basis as part of CAER's annual Integrated Report. The report will be verified by an appropriate qualified independent party of assurance and will be made available on CAER's website.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		year, and for each SPT trigger event.		DNV can confirm CAER has committed obtaining verification in line with the requirements of the SLBP.

### SCHEDULE 3: SUSTAINABILITY LINKED LOAN ELIGIBILITY ASSESSMENT PROTOCOL

#### 1. Relationship to Borrower’s Overall Sustainability Strategy

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Overall Strategy - Objectives	The borrower of a sustainability linked loan should clearly communicate to its lenders its sustainability objectives, as set out in its sustainability strategy, and how these align with its proposed SPTs.	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>- Sustainability Linked Financing Framework, May 2021</li> <li>- Annual accounts 2020</li> <li>- Draft Sustainability Report 2020</li> <li>- Sustainability Master Plan 2025</li> <li>- SBTi target validation report</li> <li>- Independent Assurance Reports 2017-2020</li> <li>- Report on CO2 capture – Nature based solutions.</li> <li>- Draft MoU UNEP_CAER_2021</li> <li>- Discussions with the issuer</li> </ul>	<p>The SPTs and corresponding KPI in the Framework clearly link to following pillars of CAER’s Sustainability Master Plan 2025:</p> <ul style="list-style-type: none"> <li>- Positive Planet, from net zero to positive contribution, including decarbonization, zero emissions solutions mitigation and climate positive.</li> <li>- Sustainable difference in every project, including minimum impact, programs with the community and visible differences.</li> </ul> <p>This approach is deemed appropriate with reference to the rationale in Ref. 1a in schedule 2.</p> <p>CAER’s framework is confirmed to be aligned and consistent with the company’s overarching sustainability vision through its focus on positive planet. SPT 1 as outlined in the framework underlines CAER’s long-term carbon goals.</p>
1b	Overall Strategy - Context	Borrowers are encouraged to position this information within the context of their overarching objectives, strategy, policy and/or processes relating to sustainability.	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>- Sustainability Linked Financing Framework, May 2021</li> <li>- Annual accounts 2020</li> </ul>	<p>DNV can confirm, on the basis of the work done, that the context of the Sustainability-Linked Finance Framework has been positioned in context with CAER’s overall sustainability strategy.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> <li>- Draft Sustainability Report 2020</li> <li>- Sustainability Master Plan 2025</li> <li>- SBTi target validation report</li> <li>- Independent Assurance Reports 2017-2020</li> <li>- Report on CO2 capture – Nature based solutions.</li> <li>- Draft MoU UNEP_CAER_2021</li> <li>- Discussions with the issuer</li> </ul>	
1c	Overall Strategy - Standards	Borrowers are also encouraged to disclose any sustainability standards or certifications to which they are seeking to conform.	<p>Including management interviews DNV also undertook a review of:</p> <ul style="list-style-type: none"> <li>- Sustainability Linked Financing Framework, May 2021</li> <li>- Annual accounts 2020</li> <li>- Draft Sustainability Report 2020</li> <li>- Sustainability Master Plan 2025</li> <li>- SBTi target validation report</li> <li>- Independent Assurance Reports 2017-2020</li> <li>- Report on CO2 capture – Nature based solutions.</li> <li>- Draft MoU UNEP_CAER_2021</li> <li>- Discussions with the issuer</li> </ul>	CAER is aligned the SDGs and committed to annual sustainability reporting according to the GRI Standards, and the TCFD recommendations for reporting on climate change.

## 2. Target Setting – Measuring the Sustainability of the Borrower

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious and meaningful to the borrower's business and should be tied to a sustainability improvement in relation to a predetermined performance target benchmark.	Including management interviews DNV also undertook a review of: <ul style="list-style-type: none"> <li>– Sustainability Linked Financing Framework, May 2021</li> </ul>	Confirmed as meaningful by DNV and appropriately tied to a predetermined performance target benchmark. Refer to 2c in Schedule 2 for further details.
2b	Target Setting - Meaningful	Market participants recognise that any targets should be based on recent performance levels.	Including management interviews DNV also undertook a review of: <ul style="list-style-type: none"> <li>Sustainability Linked Financing Framework, May 2021</li> </ul>	Confirmed as appropriate by DNV, given the provision of historical evidence and track-record. Refer to 2d in Schedule 2 for further details.
2c	Target Setting - Meaningful	Interaction of the KPIs with the interest rate or equivalent.	Including management interviews DNV also undertook a review of: <ul style="list-style-type: none"> <li>• Sustainability Linked Financing Framework, May 2021</li> </ul>	Confirmed by DNV as appropriate under the SLLP. Refer to 3a in Schedule 2 for further details.

## 3. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Reporting	Borrowers should, where possible, make and keep readily available up to date information relating to their	Including management interviews DNV also undertook a review of:	DNV concludes that the framework meets the reporting requirements outlined under the SLLP. Refer to 4.a. in Schedule 2 for further details.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		SPTs, with such information to be provided to those institutions participating in the loan at least once per annum. Borrowers should be encouraged to publicly report information relating to their SPTs and this information will often be included in a borrower's annual report or its sustainability report.	<ul style="list-style-type: none"> <li>Sustainability Linked Financing Framework, May 2021</li> </ul>	

#### 4. Review

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	External Review	The borrower should have its performance against its SPTs independently verified by a qualified external reviewer, such as an auditor, environmental consultant and/or independent ratings agency, at least once a year.	Including management interviews DNV also undertook a review of: <ul style="list-style-type: none"> <li>Sustainability Linked Financing Framework, May 2021</li> </ul>	<p>CAER has committed to providing up to date information on both the KPI's performance on an annual basis, disclosing information on its investor relations website. The data presented by CAER is verified on at least an annual basis by external auditors. We can confirm that CAER has expressed its intent to publish an assurance report each year, that will be accessible on CAER website, confirming whether the performance of the KPIs meet the relevant SPTs.</p> <p>DNV concludes that the framework meets the review requirements outlined under the SLLP. Refer to 5a in Schedule 2 for further details.</p>