

Green Finance Framework

I. Introduction

Holaluz was founded in 2010 with the purpose of achieving a 100% green planet by connecting people to green energy. Driven by the conviction that a company must be a tool to change the world, and with the clear ambition of being a driver of change, today Holaluz is leading the energy transition through an impact business model responding to the global challenge of climate change, in alignment with Sustainable Development Goals (SDGs). Renewable energy is key to a low carbon transition. Holaluz is disrupting the current electricity sector, working towards consumers producing and sharing back energy into the grid with other consumers.

Holaluz has made a long-term commitment to future generations. Therefore, in June 2020 Holaluz decided to go one step further by launching The Rooftop Revolution to be the solution to the energy and environmental emergency situation worldwide. In this context, the company wants to transform every m² of viable rooftop in Spain into a producer of 100% green energy for everyone, changing the way energy is produced and consumed, with the vision of creating the most impactful green energy community in southern Europe.

II. Holaluz commitment to ESG

ESG commitment is perfectly integrated in Holaluz's culture and is part of the company's DNA. Holaluz creates sustainable long-term value for its stakeholders, with a focus on the achievement of a planet 100% run by green energy, connecting people to green energy and turning every roof into a solar roof, pioneering an energy transition model towards economic decarbonization, and fighting against climate change. Holaluz places people at the center and creates an inclusive working environment that provides equal opportunities and promotes diversity and gender equality with a strong commitment of Human Rights respect and promotion through all value chain. The company is committed to a business model where people come first, based on employee trust, providing the team members with the flexibility to reach a work/life balance in a results-based approach. Knowing that to work as a team is a symbol of success. Besides, Holaluz claims to make all stakeholders' part of Holaluz's success story and ensure fair, transparent, and open communication that entails trust.

In 2022, Holaluz further strengthened its responsible business leadership and joined the United Nations Global Compact, the world's largest corporate sustainability initiative with the aim of reinforcing its commitment to the Ten Principles and Sustainable Development Goals (SDG's).

Holaluz has defined a governance structure to assure implementation of ESG commitments to unlock value generation drivers earning stakeholder's trust. The company has set up the Impact Team, a transversal team as a responsible body for the definition and implementation of ESG Strategy aligned with ESG Policy commitments and Ethical Code. Impact Team is made up of Holaluz's Co-Founder and Executive Chairwoman and Managers from most of the company's teams. As a result, Holaluz has systems in place ensuring ESG Policy accomplishment, developed in detail in a ESG Strategy and non-financial risks supervision. Holaluz periodically conducts a materiality analysis that provides the main outputs for the ESG Roadmap definition and the basis to establish its goals.

Holaluz's ESG Strategy is aligned with Holaluz's vision to connect people to green energy and turn every home roof into a solar roof, promoting the world's access to sustainable energy to achieve a planet 100% run by green energy. The ESG Strategy is divided into four strategic pillars, which in turn set the foundation for additional strategic lines: Customer Obsession, People Centricity, Sustainable Business, Act with Responsibility & Build Trust. Strategic lines are then further broken down into actions that embed ESG throughout the organization reaching all teams and stakeholders. These actions have specific targets and objectives linked to issues, such as climate change mitigation, diversity and women empowerment, customer experience excellence, strategic alliances in the value chain, trust generation and transparency promotion with stakeholders to measure continuous progress.

Holaluz's commitment to transparency is supported by the yearly publication ESG Impact Report based on the following principles: accuracy, balance, clarity, comparability, and reliability.

As evidence of Holaluz's commitment to ESG and shared value generation to its stakeholders the company has been distinguished with numerous certifications and recognitions. Some of them are detailed below:

- In 2018, Holaluz became the first European energy company to obtain the B Corp certification that measures the impact that a company has on society and its stakeholders. As a BCorp company, Holaluz goes beyond generating economic profit. Holaluz innovates to maximize its positive impact on workers, the communities where it operates and the environment, by serving as an inspiration to the business community, promoting transformative, responsible business leadership. In 2022 Holaluz completed its first recertification process where it has increased its score and its impact, becoming the company with the highest B Corp Impact Assessment score among companies with revenues over €1.5M in Spain.
- Sustainalytics, the global independent provider of ESG ratings and corporate governance research for investors, published its ESG Risk Rating for Holaluz in 2020 when it was ranked number 1 in the ESG ranking of electricity companies. According to the report, Holaluz is at

low risk of experiencing material financial impacts from ESG factors due to the low exposure and strong management of ESG risks.



At the end of the 2021 period, the company once again ranked among the top 3% of companies in the ESG Risk Rating, out of Sustainalytics' global universe of more than 14,000 companies, and in the top 1% of the Utilities category. Due to this position, in 2022 Holaluz received recognition from Sustainalytics as an ESG top rated company in the industry category (Utilities) and region.

In addition, Holaluz:

- Is a founding company of Conscious Capitalism in Spain, a philosophy that recognizes the innate potential of business to have a positive impact on the world.
- Is the first Spanish electricity company to obtain the “Baby Friendly Company” certificate, which recognizes companies that favor the conciliation between work and family life.
- Was awarded by “Confianza Online” is the leading Internet quality certificate in Spain. A certificate that recognizes those companies that guarantee maximum transparency, security and trust when buying and browsing their websites.
- Had its business case published by Harvard Business School and IESE Business School.

III. The Green Finance Framework

Holaluz' Green Finance Framework is aligned with the guidelines of the ICMA Green Bond Principles (GBP)¹ as well as the LMA Green Loan Principles (GLP)² core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

¹ ICMA Green Bond Principles (GBP) 2021: [Green-Bond-Principles_June-2022-280622.pdf \(icmagroup.org\)](https://www.icmagroup.org/green-bond-principles/2021/)

² APLMA, LMA and LSTA Green Loan Principles (GLP) 2021: [Green_Loan_Principles_Feb2021_VO4.pdf \(env.go.jp\)](https://www.aplma.com/~/media/Files/2021/02/Green_Loan_Principles_Feb2021_VO4.pdf)

1. Use of Proceeds

Holaluz is a player in the renewable energy sector, with a focus on two business areas that make each other unique. Both are classified within the Renewable Energy category under the Green Bond Principles.

- 1) Supply of electricity from 100% renewable energy sources;
- 2) Installation and management of photovoltaic installations.

As we manage more solar installations, the surplus energy generated from those can be used by our electricity customers, thus creating a virtuous circle, which benefits not only our customers, other stakeholders and Holaluz itself, but also the planet.

Under this Green Finance Framework, Holaluz intends to issue green finance Instruments (which may include, inter alia, bonds, loans, promissory notes) to finance and / or refinance its activities in the two business areas mentioned above.

2. Process for Project Evaluation and Selection

At Holaluz, ESG is at the core of the business model and, consequently, we are consciously contributing to Sustainable Development Goals (SDGs). With respect to the environment, these include:

- SDG 7- Affordable and Clean Energy: Through our vision of connecting people to green energy and turning every roof into a producer of 100% green energy.
- SDG 13 - Climate Action: Holaluz is the first company to commercialise purely green energy from renewable sources, and is among the leading companies in the Spanish solar sector.
- SDG 11 - Sustainable Cities and Communities: Through the commercialisation of green energy, self-consumption and distributed generation model.
- SDG 12 - Responsible Consumption and Production: Holaluz enables responsible energy consumption and promotes responsible production through partnerships with independent green energy producers and prosumers.

More broadly, Holaluz' sustainability strategy also includes other objectives, as laid out in our impact report:

- SDG 5 - Gender Equality: At Holaluz we take women's empowerment very seriously, and make sure there is a gender balance across our teams.

- SDG 3 - Good Health and Well-being: For our employees, customers and suppliers through our products and services and our way of working.

- SDG 8 - Decent Work and Economic Growth: We are an employee-centric company, understanding the importance of work-life balance. Furthermore, our 2023 strategic plan has a direct impact on economic growth.

- SDG 9 - Industry, Innovation and Infrastructure: We have a breakthrough business model which is largely sustained by what we call “Invisible Technology”, in the sense that our customer doesn’t see what we do but obtains all the benefits in terms of rate customization according to their energy consumption.

- SDG 17 - Partnerships to Achieve the Goals: Holaluz works with public institutions and non-profit organizations to accomplish its purpose of achieving a planet 100% run by green energy.

Holaluz will use financing raised under this Framework only for activities that support the achievement of its strategic goals which are aligned with its sustainability strategy and targets outlined above.

The Treasury team under direct supervision of the CFO will evaluate the expenditures to be financed and ensure that financing is only considered towards activities eligible under this Green Finance Framework (falling into the Renewable Energy category).

The decision on the allocation of the financing will be taken by the CFO. However, it requires approval of the person representing the Board on the Impact Team (committee responsible for the implementation of the sustainability strategy) in order to ensure compliance with this Green Finance Framework as well as with the objectives of our broader sustainability strategy.

Holaluz has extensive policies in place in order to mitigate potential risks created by its economic activity. The ground rules are laid out in its Code of Conduct, which applies not only to all employees, but also governs the relationships with customers, as well as all business partners, including subcontractors and suppliers. Respect, honesty, transparency and compliance with the rules are at the core of the business and lay the foundation for the relationships with all stakeholders. Holaluz is committed to ensuring the health & safety of all its employees and recently updated its Health & Safety Policy to include the workers in the solar installation business.

Holaluz maintains its stakeholders updated of the progress of executing its strategic plan at its results presentations.

3. Management of Proceeds

The proceeds of the green finance instruments will be allocated to eligible green finance activities and the Treasury team will be responsible to ensure an appropriate management, under direct supervision of the CFO of Holaluz. As a player with a strong brand in renewable energy, Holaluz focuses its activity on renewable energy and funds will be used to finance clean energy projects and related investments and expenditures, as explained in the previous section. Pending the full allocation, Holaluz will hold or invest the balance of net proceeds not yet allocated, at its own discretion, in its treasury liquidity portfolio (cash or cash equivalents). Holaluz expects to allocate funds raised within this Framework within 3 years.

4. Reporting

Holaluz will make and keep readily available up to date information on the use of proceeds as well as the expected/achieved impact of the company's activity. The allocation report will provide the total amount of investments and expenditures in renewable energy and M&A operations, and the balance of unallocated proceeds.

Holaluz will use the following indicators to report on the environmental impact of its annual activity:

- Electricity supplied from 100% renewable sources (MW)
- Annual GHG emissions avoided by the projects in operation (tCO₂e)

Impact reporting will be provided in annual reports, which will be made available on our website at [Holaluz investor relations](#).

Second Party Opinion

The alignment of this Green Finance Framework with the Green Bond and Green Loan Principles has been reviewed by Sustainalytics. The Second Party Opinion prepared by Sustainalytics as well as the Green Finance Framework will be made available to investors at Holaluz' website [Holaluz investor relations](#).