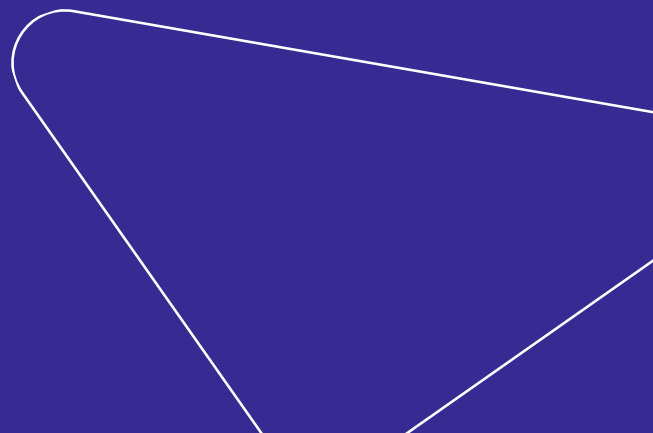
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# Green Financing Framework

27 June 2024



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## 1 INTRODUCTION

### 1.1 Description of Nexus Energía

Nexus Energía is one of the **leading companies in Iberia for market agent services targeting renewable energy producers. Moreover**, it is an independent energy marketer **that is mainly aimed at selling energy to its end customers with a renewable energy guarantee of origin.**

In 2000, following the deregulation of the Spanish energy market, Nexus was set up in Barcelona as the result of a merger between a dozen different energy distributors. Nexus has always been dedicated to and focused on accompanying its customers towards more efficient energy consumption while simultaneously promoting the development of renewable energy.

Nexus Energía is thus paving the way towards a sustainable and fair energy transition, getting its customers involved in the efforts to build a future based on renewable energy, sustainable growth and green attitudes.

Nexus Energía now manages 13.8 TWh of energy after more than 20 years of experience, 14.6 TWh at a consolidated level. **With a market share of 14%, it is the top provider of market agent services to photovoltaic power producers and the second largest provider of market agent services to renewable energy producers in Spain with over 16,700 renewable energy producers on its books** (representing a total of 8.2 TWh). Furthermore, **Nexus Energía household customers have been enjoying 100% renewable electricity since 2017.** This positions Nexus among the leading independent Spanish electricity marketers after the major companies in this sector in Spain.

The purpose of Nexus Energía is to accompany and empower people, companies and cities along the energy transition path, thereby promoting a change in their relationship with energy towards a more responsible and efficient use thereof that contributes to the decarbonisation of society.

This purpose is strengthened by the six values upheld by Nexus: innovation, excellence, commitment, customer focus, value creation, and ethical conduct and professional responsibility. These values therefore permeate throughout the company, and the company purpose forms the backbone of the Nexus sustainable business strategy.

- **Main strategic activities:**

- Market agent services for renewable energy producers: 16,710 renewable energy producers and 8.2 TWh of energy represented.

- Commercialisation of energy that is fully certified as renewable via guarantees of origin to end customers. It can therefore be said that the electricity received by end customers of Nexus Energía, S.A. is fully renewable in terms of its origin.
- **Strategic activities for growth:**
  - Installation of renewable energy production systems at business customers for self-consumption (solar photovoltaic energy installations).
  - Energy efficiency services and equipment for customers: waste heat recovery systems for existing boilers, the replacement of natural gas boilers with aerothermal systems or electric or biomass boilers, solar thermal installations, hybridisation of solar photovoltaic with aerothermal systems and the replacement of climate systems with more efficient alternatives, among other things.
  - Other services tied to decarbonisation, such as consultancy or energy consumption management and monitoring.
- Other activities:
  - Commercialisation via a subsidiary of uncertified electricity with a guarantee of origin or partially certified electricity to end customers not demanding renewable energy with a guarantee of origin and the sale of energy to other marketing companies unrelated to Nexus.
  - Commercialisation of gas.

This demonstrates that sustainability is the be all and end all of business at Nexus Energía, not only due to the weight Nexus has in the Iberian renewable energy market but also due to the strong focus placed on the transition over to a low carbon economy based on both the commercialisation of renewable energy with a guarantee of origin and on the support it provides to customers in terms of decarbonisation by incorporating energy efficiency measures.

The goals set by the company include ongoing growth in its number of customers, the energy sold and the portfolio of energy services on offer for achieving a smaller environmental footprint from electricity demand, thereby ensuring growth that is in step with the decarbonisation ambitions for the planet and its customers.

## **1.2 Governance of Nexus Energía**

Corporate Governance of the Nexus Group seeks to establish appropriate management of the Issuer, to make decisions in line with our ethical principles and to help create value in our community and for our stakeholders. Based on a desire to apply the best

recommendations and good practice in this field adapted to our organisation, this system goes above and beyond any obligations that Nexus may have as a public limited company. The ongoing improvement and review of Corporate Governance is a priority.

The **Corporate Governance System** is made up by the rules that govern the company and the various governing bodies within our corporate group (the parent company of which is Nexus Energía, S.A.), the compliance system and the criminal prevention model, and the management of activities and processes. It includes the **Compliance Policy**, the **Internal Reporting System Policy**, the **Anti-Bribery and Anti-Corruption Policy**, and the **Code of Ethics and Conduct** for professionals or suppliers, alongside other regulations that broaden their scope and complement them.

The **Board of Directors** is the body with full authority and broad powers to steer, represent and govern the Company and its Group. Activity by the Board is focused on defining, overseeing and controlling the policies, strategies and general guidelines, including those tied to corporate governance and compliance, sustainability, risk management and internal control systems. The Board has two Committees that lend their support: the Executive Committee and the Audit and Sustainability Committee.

The Board of Directors has the following responsibilities in terms of Sustainability:

- Definition of the sustainability strategy and objectives.
- Approval of business policies and plans, as well as the organisation and resources needed to achieve them.
- Approval of the Sustainability Roadmap and oversight via the Audit and Sustainability Committee.
- Approval of the Double Materiality analysis.
- Preparation of the Sustainability Report alongside the Annual Accounts.

The **Executive Committee** and the General Management Department perform delegated duties of the Board of Directors, excluding those duties that cannot be delegated under the law or Articles of Association. Both the Committee and the General Management Department, alongside the senior management team thereof, perform the highest executive duties to carry on the Group's business and manage business in accordance with the policies and guidelines from the Board.

The Board of Directors receives support from the **Audit and Sustainability Committee**, which exists as an advisory body. Its duties are to oversee, advise and report on all aspects related to the governance and compliance systems, Sustainability, risk management and internal control, to draw up financial and non-financial information, and to conduct internal and external audits. This Committee reports to the GRC and Internal Audit Department and to the Sustainability Department, which independently supports the Board and the Committee in the fulfilment of their duties.

Furthermore, this Committee provides advice, proposals and specialised assistance to the Board itself in the field of Sustainability for the fulfilment of its duties. More specifically:

- To exercise internal control via oversight and supervision of strategy implementation, analysis of Double Materiality and the management of ESG risks.
- To supervise compliance with the objectives based on clear indicators and metrics, with regulations and with management guidelines on Sustainability.
- Review of the Sustainability Reports for the timely preparation by the Board of Directors and their final approval by the Shareholders' Meeting.

A clear segregation of duties exists between the Board, the Committees and the General Management Department that maintains proper balance within the corporate governance structure of the Group.

### 1.3 Sustainability at Nexus: Driving the Energy Transition

With Nexus Energía, S.A., the Nexus Group has made a firm commitment to looking after and respecting the environment by **selling electricity of renewable origin**. In fact, the energy consumed by the customers of its direct marketing activity has been 100% renewable with a guarantee of origin since 2017.

Furthermore, Nexus continues to broaden the portfolio of products and services tied to decarbonisation and energy efficiency that it offers to its customers, such as self-consumption and energy efficiency services, which reduce their consumption and therefore lower their impact on the environment.

It can therefore be said that **Nexus is essentially a sustainable and pro-sustainability company** not only focused on being sustainable itself but also on **facilitating sustainability for others, transforming its stakeholders into agents of change and decarbonisation**.

### 1.4 Sustainability Strategy

As a company that is committed to and an enabler of the energy transition, sustainability is an inseparable part of business for Nexus. This is clearly reflected in the corporate purpose: "To accompany and empower people, companies and cities along the energy transition path, thereby promoting a change in their relationship with energy towards a more responsible and efficient use thereof that contributes to the decarbonisation of society."

Given that sustainability is such a fundamental pillar for Nexus, the Board of Directors has approved a series of Guiding Principles that must steer the Nexus Sustainability Strategy. These principles are inspired by the Group's purpose and values:

- **Firm commitment** to the energy transition and efforts to build a more sustainable world, ensuring responsible environmental, social and economic management.

- **Creation of shared value** for all stakeholders of the Group and in response to their expectations, linking business success and return for shareholders and financiers to the contribution to a more decarbonised world, empowering represented parties, employees, customers, partners, suppliers, agents and communities to generate mutual benefits and strengthen their positive impact on the environment and society.
- **Customer focus**, offering the best possible service and response, and providing products and services that streamline their costs while reducing environmental impact, ensuring that everyone wins by being more sustainable.
- **Ongoing** and inclusive **innovation**, with a service mentality. Always abiding by regulatory requirements and cutting-edge technological advancements to improve our portfolio of products and services, our processes and activities, so that we can use them to serve our stakeholders and support the energy transition and decarbonisation.
- **Excellence** in all aspects of management at Nexus, including transparency and responsible, honest and grounded communication with our stakeholders; the quality of our products and services; care for our customers and our represented parties; responsible management of the value and supply chain; and the recruitment, training and care of the best talent.
- Ethical **conduct** and professional responsibility for safely doing business in a highly regulated market under guidance from our ethical principles, guaranteeing the protection of value for shareholders and maximum respect of our customers and other stakeholders.
- **Responsibility vis-a-vis the human team**, fostering equality, diversity and inclusion, professional development, safety, wellbeing and health, as well as fair working conditions. Respect for human rights and the fundamental rights of employees will be encouraged throughout the supply chain.

These principles were approved by the Board of Directors in June 2024 and ratified by their inclusion in the Nexus Energía Sustainability Policy (June 2024). Efforts have also begun to develop and further specify these Guiding Principles in a Sustainability Roadmap that will be finalised in the second half of 2024.

### 1.5 The Sustainability Commitments by the Nexus Group

- Cross-cutting collaboration aimed at redefining and maintaining a Sustainability Strategy, and defining a Corporate Sustainability Roadmap with specific targets and responsibilities while considering materiality and the possible specific characteristics of the various geographic regions in which Nexus operates.
- The necessary updates to the Organisation's Governance and Compliance System, specifically those to the governing and management bodies, to enable compliance with individual and collective responsibilities aimed at achieving the Sustainability objectives and commitments.

- The definition of policies and regulations, and the implementation of a compliance oversight system capable of ensuring correct progress on and the achievement of the Sustainability Strategy, the objectives and the future Sustainability Roadmap.
- To raise awareness, train and involve employees of the Organisation in the Sustainability Strategy, Objectives and Roadmap, and to also involve business partners, suppliers and other stakeholders.
- Preparation of Double Materiality and its review over time in order to identify impacts on the value chain, either positive or negative, actual or potential, and to maintain the financial and non-financial risk and opportunity management systems. The principles of extended responsibility and due diligence must be followed while doing so in order to be ready to respond to any eventuality as far as possible.
- Transparency in terms of sustainability, through reporting and any other channels deemed appropriate, on all those material topics and always based on active listening to stakeholders and applying the principle of responsible, honest and grounded communication and marketing, with and for all our stakeholders.
- To establish information systems that enable complete data on ESG to be obtained and that enable the progress on and achievement of objectives to be assessed and reported.
- The inclusion in procurement processes and the official approval of partners and suppliers (supply chain) of factors that enable to assess their commitment to sustainability and to prioritise partnerships with those that respect and collaborate on achieving objectives and the Sustainability Roadmap.
- To foster and prioritise green financing at the Group for funding projects and investments that seek sustainability objectives.
- Updates to the carbon footprint calculation so as to consider the entire value chain, based on the principle of materiality.

## **1.6 Commitment to the Sustainable Development Goals**

Nexus Energía engages in its management activities under a commitment to sustainability and with a focus on contributing to the Sustainable Development Goals. Nexus Energía contributes to several SDG through its initiatives, including SDG 3 - Good Health and Well-Being; SDG 5 - Gender Equality; SDG 8 - Decent Work and Economic Growth; SDG 9 - Industry, Innovation and Infrastructure; and SDG 10 - Reduced Inequalities. Nonetheless, the following goals have been identified and prioritised due to their more intrinsic ties to the business and to the green projects eligible for this green financing framework:





## SDG 7: AFFORDABLE AND CLEAN ENERGY

The commercialisation, provision of market agent services and generation of green electricity and the sale of energy efficiency products and services so that agents and customers can play a key role in the transition over to a more sustainable economy. The company's green electricity marketing strategy is based on three factors:

- 1) Market agent services for renewable energy production plants: 8.2 TWh\* of renewable generation represented in 2023 (+7.6% compared to 2022)
- 2) Sale of 100% green electricity certified by guarantees of origin: 1.7 TWh\* of 100% green electricity supplied to 19,771 customers in 2023
- 3) Guarantees of Renewable Origin, an activity subject to market conditions.

## SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

The production of renewable electricity by both power plants receiving our market agent services and by customers via the installation of self-consumption panels. The promotion of responsible consumption via efficiency studies, consumption monitoring and lighting installations, among other products.

- 8.2 TWh\* of renewable generation represented in 2023 (+7.6% compared to 2022)
- 24 active self-consumption contracts\* in 2023 (+140% compared to 2022)

\* Nexus Energía S.A.

## SDG 13: CLIMATE ACTION

The Nexus Energía business model has a direct positive impact on reducing the carbon footprint. Electricity generation accounts for around 60% of all global greenhouse gas emissions. By providing market agent services and marketing electricity of renewable origin, that percentage is being gradually lowered. Decarbonisation of the economy is also being encouraged through the installation of self-consumption units and energy efficiency services.

- 454,731 tCO<sub>2</sub> avoided by customers in 2023 through the provision by Nexus Energía of a non-polluting solution in the market

## SDG 17: PARTNERSHIPS FOR THE GOALS

Nexus Energía is the result of a grand alliance between distribution companies in Spain. Furthermore, Nexus Energía has built up an extensive network of renewable energy producers over the years to which it provides market agent services to help them join the system and drive the input of renewable energy with no carbon emissions into the Spanish energy mix.

- 158 Energy agents (micro-SMEs and SMEs in the installations sector) in 2023 (+116% compared to 2022)
- 16,710 Renewable production plants receiving our market agent services

## 2 GREEN FINANCING FRAMEWORK

In line with the Nexus Energía strategy and its commitment to sustainability, the company has established this Green Financing Framework under which it will be able to issue Green Commercial Paper to finance and/or refinance projects that foster sustainability and that will support future participation in other financing instruments by applying the four principles described here, such as green bonds or loans.

The Green Bond Principles (“GBP”) are the international voluntary benchmark in terms of bond standards and they provide a series of recommendations on transparency and disclosure. They also foster integrity in the development of green financing instruments. The Nexus Energía Green Financing Framework follows these GBP developed by the ICMA, which contain the following voluntary guidelines aimed at offering a clear and standardised framework to the market:

- 1. Principle 1: Use of Proceeds**
- 2. Principle 2: Process for Eligible Green Project Evaluation and Selection**
- 3. Principle 3: Management of Proceeds**
- 4. Principle 4: Reporting**

This Green Financing Framework has been approved by the Board of Directors. The Green Financing Framework and the Second-Party Opinion Report will be shared with investors via the Nexus Energía website for shareholders and investors.

Furthermore, Nexus Energía intends to apply for limited verification by an independent auditor on the allocation of resources issued under the Green Financing Framework. This report will be issued annually throughout the Green Commercial Paper Programme until its conclusion, confirming that an amount equal to the proceeds received under said Programme has been allocated according to the eligibility criteria defined in the Green Financing Framework.

This annual transparency exercise with investors will take place via the Nexus Energía website for shareholders and investors.

## **2.1 Principle 1: Use of Proceeds**

Nexus Energía has selected a number of projects to finance based around five main topics. All of them are tied to the company's main activity: **the commercialisation of renewable energy with a guarantee of origin.**

The net proceeds will be used to exclusively finance and/or refinance five types of projects that correspond to the business undertaken by Nexus Energía (hereinafter, "the Eligible Green Projects"):

### **Projects to be mainly financed by the issue of Green Commercial Paper (Eligible Category A)**

- 1. Purchase of energy for end customers (with its origin from renewable sources fully guaranteed via GoO certification)**
- 2. Remuneration to energy agents**
- 3. Costs and taxes due on the commercialisation of energy**
  - a. Contribution to the National Energy Efficiency Fund
  - b. Contribution to the Subsidised Rate system
  - c. Tax on Occupation of Airspace, Soil and Subsoil
  - d. Special Tax on Electricity

### **Projects to be mainly financed with other green financing instruments (bonds, loans):**

- 4. Self-consumption installations for customers (Eligible Category B)**
- 5. Energy efficiency projects for customers (Eligible Category C)**

Projects	Project 1	Project 2	Project 3	Project 4	Project 5
<b>Description</b>	Purchase of energy for end customers (100% green with GoO)	Remuneration to energy agents	Costs and taxes due on the commercialisation of energy	Self-consumption installations for customers	Energy efficiency projects for customers
<b>Project categories based on the Green Bond Principles</b>	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Prevention and control of pollution</li> </ul>	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Energy efficiency</li> <li>Prevention and control of pollution</li> </ul>	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Energy efficiency</li> <li>Prevention and control of pollution</li> </ul>	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Prevention and control of pollution</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency</li> <li>Prevention and control of pollution</li> </ul>
<b>Contribution to SDGs</b>	SDG 7, SDG 12, SDG 13, SDG 17	SDG 13, SDG 17	SDG 7, SDG 17	SDG 7, SDG 12, SDG 13, SDG 17	SDG 7, SDG 12, SDG 13, SDG 17
<b>Business KPI</b>	Total energy with renewable GoO demanded (GWh)	Total energy marketed with GoO tied to contracts obtained through energy agents	Costs and taxes tied to the commercialisation of electricity with GoO (€)	No. of active self-consumption installations for customers	No. of new energy efficiency projects for customers
<b>Impact KPI*</b>	Annual emissions avoided by energy demanded (tCO2e)**	Annual emissions avoided by energy marketed (tCO2e)	Annual emissions avoided by energy marketed (tCO2e)	MW of self-consumption installations built	KWh saved by customers (annual) Annual emissions avoided by reduced consumption (tCO2e)

\*Impact KPIs selected according to the Harmonised Framework for Impact Reporting, June 2024.  
 \*\*Calculated according to the GHG Protocol standard.

### 2.1.1 ELIGIBLE PROJECT 1: PURCHASE OF ENERGY FOR END CUSTOMERS (100% GREEN WITH GOO)

- Nexus sells the energy produced by its clients receiving market agent services to OMIE (9.2 TWh in total, of which 8.2 TWh are green) and buys the necessary energy to meet demand from end customers from OMIE (1.7 green TWh).
- OMIE issues a net settlement weekly (the difference between energy bought and sold) to market agents. Nexus regularly sells more energy to OMIE than it buys. However, energy purchase financing requirements sometimes arise because:
  - Nexus not only operates in the spot market but also with financial derivatives so as to avoid exposure to energy price volatility and to guarantee the gross margin from sales. In itself, the financial derivatives market requires significant liquidity volumes for dealing with daily price fluctuations while the product is contracted but before it is delivered.
  - Renewable production is heavily impacted by seasonality and time of day due to meteorological conditions affecting sunlight or wind hours, among other things. As a result and although more energy is sold than bought over the course of a year, there are weeks when this is not the case and more energy is bought than sold.
  - Approximately and based on the annual average, Nexus provides market agent services that represent an energy volume equal to 2.2 times the

energy volume that it markets (and this volume for which it provides market agent services is sold to OMIE). However, seasonality is a large factor because a large majority of clients receiving market agent services produce using photovoltaic technology. Hence, far more energy is represented in the summer than in the winter.

- Purchase intended for payment of the toll, which accounts for between 30% and 40% of the final invoice.

### 2.1.2 ELIGIBLE PROJECT 2: REMUNERATION TO ENERGY AGENTS

- Energy agents are individuals or legal entities that allow Nexus Energía to have greater capillarity in Spain. The process of paying agents is based on signing new and renewing existing contracts for electricity supply through the sale of electricity with Guarantee of Origin, as well as on seeking photovoltaic installation opportunities
- Nexus Energía also pays energy agents for the work conducted on Energy Efficiency and Saving Services (energy saving services: self-consumption, recharging stations, capacitor batteries, lighting projects, etc.).

### 2.1.3 ELIGIBLE PROJECT 3: COSTS AND TAXES DUE ON THE COMMERCIALISATION OF ENERGY

- Tax on Occupation of Airspace, Soil and Subsoil: Spanish Royal Legislative Decree 2/2004, of 5 March, approving the consolidated text of the Spanish Law Regulating Local Tax Agencies, governs the tax due from utility operating companies (including electricity). The tax that these companies (including Nexus) must pay for the private use of soil and subsoil in the public domain for their business is 1.5% of the taxable base (gross earnings obtained from the services and supplies provided by the utility within the municipal territory).
- Contribution to the FNEE: the National Energy Efficiency Fund (FNEE), set up under Spanish Law 18/2014, of 15 October, seeks to finance national energy efficiency initiatives in compliance with Article 20 of Directive 2012/27/EU of the European Parliament and of the Council, of 25 October 2012, amended by (EU) Directive 2018/2002. Resources from the FNEE are used to finance economic support, financial support, technical assistance, training and information mechanisms, and other measures, aimed at boosting energy efficiency in various sectors so, as a whole, they can contribute to achieving the national energy saving target. Spanish Law 18/2014, of 15 October, amended by Spanish Royal Decree Law 23/2020, of 23 June, creates the national system of energy efficiency obligations under which a national annual energy saving quota (called savings obligations) will be allocated to the gas and electricity marketing companies, wholesale oil product operators and wholesale liquefied petroleum gas operators (hereinafter, the “obligated parties under the obligations system”).

- **Contribution to the Subsidised Rate system:** the so-called subsidised rate is a mechanism that was launched on 1 July 2009 by the National Government of Spain to protect vulnerable consumers under Article 45 of Spanish Law 24/2013, of 26 December, on the Electricity Sector. It consists of a discount applied to electricity bills that can be enjoyed by consumers who meet the definition of “vulnerable consumer”. This subsidised rate was financed by marketing companies only until now. However, following publication of Spanish Royal Decree-Law 6/2022, of 29 March, a new financing mechanism for the subsidised rate has been established and it will be paid for by those participating in activities tied to the electricity supply chain: production, transmission, distribution and commercialisation, as well as direct consumers in the market. In practice, this means that Nexus Energía must contribute to financing the Subsidised Rate in order to be able to market electricity, as do the other parties participating in the supply of electricity.
- **Special Tax on Electricity (IEE):** this is a tax applicable to both contracted power and electricity consumption. It is an indirect tax governed by Spanish Law 38/1992 on Special Taxes with a tax rate of 5.113%. It is reflected in each billing period and calculated according to the accumulated electricity consumption over that period and the contracted power. Furthermore, Nexus must pay the electricity tax as part of its tax obligations. This tax helps to finance various activities related to electricity and its infrastructure, as well as other projects of public interest.

#### **2.1.4 ELIGIBLE PROJECT 4: SELF-CONSUMPTION SOLAR PHOTOVOLTAIC ENERGY INSTALLATIONS FOR CUSTOMERS**

- **Installation and long-term operation of solar panels for self-consumption by its customers:** Nexus invests in photovoltaic installations built on the premises of its customers and manages the entire process — from development to final operation of the asset, as well as commissioning, operation and maintenance — and sale of the electricity produced by said panels to the customer at a fixed price. This framework specifically includes the long-term financing needs for this type of project.

#### **2.1.5 ELIGIBLE PROJECT 5: ENERGY EFFICIENCY PROJECTS FOR CUSTOMERS**

- **Purchase of energy efficiency equipment and energy storage services (ESSs):** within the context of the energy saving services that Nexus Energía provides to its customers, Nexus acquires the necessary equipment for subsequent installation on the premises of its end customers and initially covers the costs of the project when it requires an investment in physical equipment. This equipment is related to the efficiency or reduction of electricity consumption through self-consumption, capacitor batteries, switching to LED and recharging stations for electric vehicles, among other things. Positive Impacts from Eligible Green Projects

The impacts from the five Green Projects will be measurable through selected indicators and will be reported externally:

- Sustainability Report, which will be published on the website from 2026 following the entry into force of obligations imposed on Nexus by the European Directive on Corporate Sustainability Reports.

Impact Report, which will be made available to investors (on the website dedicated to shareholders and investors) and will report on the impact from projects considered in the issue of the Green Financing Programme. This report will be published for the first time in 2025.

## **2.2 Principle 2: Process for Eligible Green Project Evaluation and Selection**

Eligible Green Projects are structured as part of the company's sustainability strategy, which is built into the overall business strategy adopted by Nexus Energía. The strategic projects at the company that need financing have been taken into consideration when structuring these Eligible Green Projects.

The Finance Department, the Sustainability Department and the Innovation, Engineering and Business Development Department were responsible for proposing projects. A Sustainability Committee has also been set up to conduct the assessment and selection of projects throughout the programme life cycle.

An exhaustive exercise was carried out with the company during the evaluation period to select the projects for inclusion and to decide which should be excluded.

### **2.2.1 PROCESS FOR PROJECT EVALUATION AND SELECTION: EXCLUDED PROJECTS**

- Activities carried out by the company at an operational level (e.g. communication, support for social projects), due to the complex traceability of a green activity.
- Any other operation related to projects about which there is no certainty that proceeds can be fully traced.

### **2.2.2 PROCESS FOR PROJECT EVALUATION AND SELECTION: CORRECTIVE MEASURES**

If an eligible project stops meeting the eligibility criteria or in the event of significant sustainability controversies, Nexus will adopt corrective measures.

### **2.2.3 GOVERNANCE FOR THE ASSESSMENT AND SELECTION OF ELIGIBLE GREEN PROJECTS**

For this Green Financing Framework, strategic projects with KPIs and expected impacts have been chosen. Each one of these projects has specific controls in place to guarantee they are completed successfully. Furthermore, Nexus Energía has defined a governance process that includes the following bodies:

- Sustainability Committee
- Green Financing Working Group
- Project Lead for issue of the Green Financing Programme, this being the Chief Financial Officer.
- Project Lead for each one of the five projects
- As an additional control and in order to guarantee the traceability and management of proceeds at all times, independent auditors will be required to specifically audit the processes and draw up a report with conclusions.

## 2.2.4 CHARACTERISTICS OF THE SUSTAINABILITY COMMITTEE

**Composition:** the Nexus Energía Steering Committee appoints all members of the Sustainability Committee.

### **Main duties:**

#### 1. Sustainability Strategy and its oversight:

- To propose changes and updates to the Strategy, to establish corporate objectives capable of contributing to compliance with the strategy, and to propose the Sustainability Roadmap.
- To develop specific policies aimed at achieving those objectives.
- To establish metrics that enable assessment of progress.
- To understand and review the impact from material sustainability issues on stakeholders and on the financial evolution and results of the Group.
- To engage in continuous oversight of progress and to assess the impact that those policies have on the environment and society.

#### 2. Risk Management and internal control:

- To identify the impacts, risks and opportunities (IROs) related to sustainability and their management.
- To integrate the identified sustainability risks into the Corporate Risk Map.
- To implement the necessary control measures for suitable management of said risks.
- To provide training in specialised areas for the identification and management of sustainability risks.

#### 3. Compliance:



- To define policies and develop rules for compliance with regulations, incorporating existing best practice.
- To assess compliance with regulations and relevant standards.

#### 4. Integration and promotion of Sustainability:

- To promote a business culture that prioritises and integrates sustainability into management and decision-making.
- To implement improvements in operating procedures aimed at reducing environmental and social impact.

#### 5. Stakeholder relations:

- To engage with various stakeholders in order to understand their concerns and expectations vis-a-vis sustainability.
- To extend the commitment to the value chain and to foster the development of sustainable partnership methods with suppliers and business partners.
- To work with other organisations and entities on promoting sustainable practices.

#### 6. Reporting, communication and outreach

- To approve the communication strategy in terms of sustainability.
- To regularly report on progress and achievements in terms of sustainability objectively, in an understandable fashion and so as to respond to the interest of stakeholders and in accordance with the principle of double materiality.
- Preparation and reporting of the Sustainability Report, and submission of the information in this regard for verification and auditing.
- Decision and supervision of inclusion in ESG indices or ratings.
- To foster training and awareness on sustainable practices among employees and partners.

**Frequency:** half-yearly meetings.

**Processes:** the Sustainability Committee forms part of the Sustainability Reporting processes.

### 2.2.5 CHARACTERISTICS OF THE GREEN FINANCING WORKING GROUP

**Composition:** the Green Financing Working Group is made up by the Green Financing Project Lead and the Project Leads for each project. Furthermore, the person responsible for Accounting, Consolidation and Treasury, who reports to the Finance Department, will also form part of the Green Financing Working Group. Other technical or corporate areas of the company may be required, depending on the needs of the Working Group.

#### **Main duties:**

- Dedication to the needs of the Green Commercial Paper Programme or any other green or sustainable financing framework that may be approved in the future.

- To provide comprehensive information on Eligible Green Projects for the subsequent assessment of compliance with the criteria listed in the Green Financing Framework by the Sustainability Committee.
- Production of internal documentation to demonstrate that the use of proceeds from the Green Commercial Paper Programme is only allocated to Eligible Green Projects, which will be provided to the Sustainability Committee.
- Production of external documentation for sharing with investors (Impact Report and Allocation of Proceeds Report).
- Preparation of annual indicators included in the Green Financing Framework.

**Frequency:** monthly meetings

### **2.2.6 CHARACTERISTICS OF THE GREEN COMMERCIAL PAPER PROGRAMME PROJECT LEAD**

The Chief Financial Officer of Nexus Energía is the Green Financing Project Lead, sits on the Green Financing Working Group and on the Sustainability Committee. This is the person responsible for ensuring due development of the Green Commercial Paper Programme.

### **2.3 Principle 3: Use of proceeds management**

Nexus Energía plans to allocate the resources from Green Commercial Paper to the Eligible Green Projects selected according to the eligibility criteria and the evaluation and selection process described above. The Finance Department, the Director of which sits on the Sustainability Committee, is responsible for ensuring the correct allocation and traceability of proceeds.

The Accounting, Consolidation and Treasury team has defined an accounts allocation process that guarantees the traceability of proceeds under which each project holds responsibility for the area, the flow of funds and the controls that ensure the traceability of proceeds. Each transaction has a specific code that is used to identify the project in question.

The Green Commercial Paper Programme is activated according to the financing requirements of Nexus Energía. As a result:

- Short-term financing (commercial paper, for example) will be allocated annually.
- Long-term financing (bank debt or bond issue) will be allocated according to project installation milestones and the payments tied to those milestones, with the average ranging from 4 months to a maximum of 12.
- The proceeds will be exclusively used to finance Eligible Green Projects.
- Situations in which proceeds are unused should not arise. Whenever unused amounts do exist, Nexus Energía will maintain said amounts or invest them at its discretion in its cash liquidity portfolio (in cash or cash equivalents).

## 2.4 Principle 4: Reporting

For the purpose of annual reporting and to provide investors in the Green Commercial Paper Programme with an up-to-date image of the projects, Nexus Energía has defined two lines of reporting:

### 2.4.1 REPORTING TO INVESTORS ON THE GREEN FINANCING FRAMEWORK

The Green Bond Principles (GBP) require issuers to provide information on the allocation of revenue and recommend sharing details about the expected impact from the projects.

The Finance Department will prepare reports on the allocation of net revenue to the Eligible Green Projects and on the impact from Eligible Green Projects one year following issue of the applicable Green Financing. It will also ensure that said reports are readily available. All material developments, such as changes to the Green Financing Framework or the allocation portfolio, will be duly reported.

The reports will be available on the Nexus Energía website for shareholders and investors.

The report to investors is made up of two parts:

- I. **Proceeds Allocation Report**, which includes:
  - Information about the total amount issued and the resources obtained;
  - List and description of the Eligible Green Projects;
    - Total amount corresponding to Eligible Green Projects within the Green Financing Framework;
    - Amount and/or percentage represented by each one of the projects out of the total volume of Green Financing; and
    - The amount of unused proceeds
- II. **The Impact Report** includes details on the environmental impact financed through the Green Financing Framework. This report will also include the methodology and calculation of KPIs, listed in Annex II. Calculation of the impact indicators will take place at source by each one of the self-consumption and energy efficiency project leads. With assistance from an external advisor if necessary, the Project Lead for the issue of financing will produce all the information needed for the final calculation of KPIs to be included in the Impact Report. The achievement and development of these projects is accompanied by a series of expected impacts in line with the company's strategic plan.

## 2.4.2 PUBLIC SUSTAINABILITY REPORT

Although Nexus is not required to comply with Spanish Law 11/2018 because it does not meet the minimum requirements, it will produce an annual sustainability report from 2026 that it will publish on its website in compliance with the provisions of the European Directive on Corporate Sustainability Reports.

## 2.5 External Verification

### 2.5.1 SECOND-PARTY OPINION

This Green Financing Framework has been reviewed by Ethifinance, which has issued a Second-Party Opinion (“SPO”). That SPO is available on our [website](#).

### 2.5.2 ANNUAL VERIFICATION

Nexus Energía intends to apply for limited verification by an independent auditor on the allocation of resources issued under the Green Financing Framework. This report will be issued annually throughout the Green Commercial Paper Programme until its conclusion, confirming that an amount equal to the proceeds received under the Green Commercial Paper Programme has been allocated according to the eligibility criteria defined in the Green Financing Framework.

## 3 ANNEXES

### ANNEX I: THE GUARANTEE OF ORIGIN CERTIFICATION SYSTEM

Guarantees of Origin (“GoO”) are a form of electronic certification issued by the Spanish National Commission on Markets and Competition (CNMC) that enables Nexus to guarantee that the electricity it sells comes from renewable sources.

A GoO ensures that a certain number of megawatts-hour of electricity produced at a plant over a certain period of time have been generated from renewable energy sources or high-efficiency cogeneration. Each certificate corresponds to 1 MWh of produced renewable or high-efficiency cogeneration energy and is issued upon request by the producer for each MWh of electricity added to the grid.

Marketing companies can obtain Guarantees of Origin to demonstrate the amount of electricity produced from renewable sources or high-efficiency cogeneration within their energy mix.

The Spanish National Commission on Markets and Competition is also responsible for the electricity labelling that must appear on bills from marketers indicating the level of environmental impact caused by the energy being marketed. “A” grade labels are given to 100% renewable energy and “G” grade labels are given to the most polluting energy.

For more information, visit the website at <https://gdo.cnmc.es/CNE/accesoEstadistica.do>

## ANNEX II: TABLE OF POTENTIAL IMPACT INDICATORS

The indicators that reflect the positive impact generated by the Eligible Green Projects will be collected by the Sustainability Lead and the Green Financing Working Group, and they form part of the governance described above. These indicators have been chosen for the ability of Nexus Energía to ensure the thoroughness and integrity thereof. The potential impact indicators are described below:

Use of Proceeds	Management KPI	Impact KPI
Project 1	Total energy with renewable GoO demanded (GWh)	Annual emissions avoided by energy demanded (tCO2e)
Project 2	Total energy marketed with GoO tied to contracts obtained through energy agents	Annual emissions avoided by energy marketed (tCO2e)
Project 3	Costs and taxes tied to the commercialisation of electricity with GoO (€)	Annual emissions avoided by energy marketed (tCO2e)
Project 4	No. of active self-consumption installations for customers	MW of self-consumption installations built
Project 5	No. of new energy efficiency projects for customers in the year	KWh saved by customers (annual) Annual emissions avoided by reduced consumption (tCO2e)

## 4 DISCLAIMER

The information and opinions contained in this Green Financing Framework are provided as at the date of this document and are subject to change without prior notice. Nobody with knowledge of the information contained in this Green Financing Framework should consider the same to be definitive because it is subject to change and modification.

Furthermore, NEXUS ENERGÍA, S.A. accepts no responsibility or obligation to update or revise said statements, regardless of whether said statements are affected by the results of new information, future events or other circumstances.

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