

Energía Renovable de la Península

S.A.P.I. DE C.V

Green Financing Framework

April 2024



1. Introduction to the Sponsors

Energía Renovable de la Península S.A. de C.V. (Península), a Special Purpose Company (SPV), is owned by Dragados S.A., Envision Energy International Ltd. (Envision) and Vive Energía S.A.P.I de C.V. (Vive).

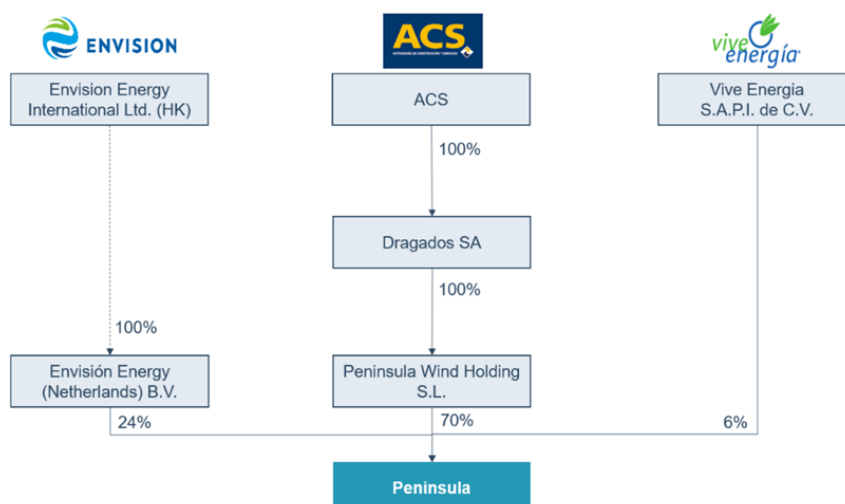


Figure 1: The Sponsors' scheme of Project Peninsula

Dragados, S.A. (Dragados)

Dragados, the majority Sponsor, is a construction entity within the ACS Group, with global expertise in infrastructure projects such as bridges, highways, tunnels, dams, and marine works. The company has experience in executing concession projects and is known for its involvement as contractor in Public Private Partnerships (PPP) worldwide. Dragados has a design and built of over a hundred concession projects across five continents and has contributed to the design and construction efforts of the ACS Group.

Dragados works to deliver the technology, equipment, systems integration and services needed to support the transition to a low-carbon economy. Central to Dragados' corporate strategy is its commitment to conducting business in a sustainable and responsible manner. Dragados has established its ESG 2025 framework, setting strategic priorities and sustainability commitments to promote Sustainable Infrastructure, Talent and Diversity through Committed Governance.



Figure 2: Dragados' Sustainability Plan¹

Envision Energy International Ltd (Envision)

Envision Energy is a world-leading green technology company that provides renewable energy solutions for global enterprises, governments, and institutions. Encompassing three major business sectors - Smart Wind Turbines, Energy Storage, and Green Hydrogen Solutions, Envision Energy collaboratively constructs comprehensive solutions for energy transformation. It also manages Envision-Hongshan Carbon-Neutral Fund and owns Envision Racing Formula E team, who conquered the Formula E Teams' Championship in 2023.

Envision Energy has received several accolades for its sustainability performance, including the EcoVadis Gold Medal and the CDP "A-List". It was also recognized in Fortune's "Change the World" list and ranked among the top 10 smartest companies by the MIT Technology Review.

Today, Envision Energy leverages its global network of R&D and engineering centers across China, the United States, UK, France, Germany, Denmark, etc. to continuously lead global green technology development. Envision Energy joined the Science Based Targets initiative (SBTi) and committed to achieving the "Business Ambition for 1.5°C" in 2021. It has achieved carbon neutrality across its global operations by 2022 and will achieve carbon neutrality throughout its value chain by 2028.

Vive Energia S.A.P.I. de C.V. (Vive Energia)

Founded in 2012, Vive Energia S.A.P.I. de C.V. ("Vive") is a fully integrated player in the Mexican energy market, specializing in the development, construction and operation of renewable energy projects along with a market maker or Suministradora that provides commercial solutions to our customers. In addition, Vive is actively working in the development of distributed generation and isolated generation projects.

¹ [Dragados' Sustainability Report 2022](#)

The company offers energy monitoring, management, and administration services through advanced technology and digital platforms.

Vive aims to drive change in the renewable energy sector by introducing solutions that foster technological innovation and promote the social, ecological, and economic sustainability for its stakeholders. Nowadays, the company along with its customers, is actively working in the development of more than 1.3 GW of capacity, both wind and solar.

In the case of the Peninsula Project, Vive is the BoP operator of the project providing maintenance and operating services that include environmental compliance and social management works, along with the commercial administration of the project (energy sales, 24/7 services with CENACE [the network operator], etc.).

2. Energía Renovable de la Península, S.A.P.I. de C.V Green Financing Framework

This Green Financing Framework is aligned with the Green Loan Principles 2023² as administrated by the Loan Syndications & Trading Association (GLP) and the Green Bond Principles 2021³ as administrated by the International Capital Markets Association (GBP).

Potential Green Finance Instruments are proposed to include Green Bonds (Green Use of Proceeds Bonds), Green Loans (including Green Project Finance) and any other financial instruments to which Energía Renovable de la Península S.A.P.I. DE C.V may allocate to.

The Framework has the following core components:

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

² [LSTA Green Loan Principles 2023](#)

³ [ICMA Green Bond Principles 2021](#)

2.1. Use of Proceeds

The proceeds of any Green Financing shall be used by Energía Renovable de la Península S.A.P.I. DE C.V. (“Peninsula”, or the “Project”) to finance and/or refinance, in whole or in part, investments or assets that meet the criteria outlined below:

“**Eligible Green Assets**” shall align with the category of “**Renewable energy**” as listed in Section 1 of the Green Bond Principles, including production, transmission, appliances, and products; and more specifically onshore wind power energy projects or transmission and supporting infrastructures, and comply with one of the following eligibility criteria:

- “**Generation of electricity from wind energy**”, as per the economic activity 221114 of the Mexican Taxonomy⁴. Substantial contribution criteria:
 - Directly eligible and exempt from presenting a product life cycle assessment, including carbon footprint evaluation.
- “**Transmission of electricity**”, as per the economic activities 221121 of the Mexican Taxonomy. Substantial contribution criteria:
 - The equipment acquired under the subproject belongs to the following category: “Direct connection of renewable energy sources.”

For the avoidance of doubt, Green Finance instruments will not be used to directly finance and/or refinance investments that are linked to carbon-intensive assets.

Peninsula Windfarm

The proceeds from Peninsula’s Green Financing will be used to finance and/or refinance the development, construction, and operation of the Peninsula 90MW onshore Windfarm in the municipality of Progreso, Yucatan, Mexico, including all related interconnection and ancillary assets. The Project consists of 36 Wind Turbines, with 2.5 MW Nominal Capacity each. Additionally, the Project includes one owned substation, 23.5 meters of transmission lines owned by the Federal Electricity Commission (Comisión Federal de Electricidad – “CFE”), and associated infrastructure. The point of interconnection (POI) for the Project is located at the LT San Ignacio-73940-Puerto Progreso at 115kV.

The Project’s annual net production over the past 3 years (2021-2023) was between 280 and 290 GWh p.a. The Project is underpinned by three long-term Power Purchase Agreements (PPAs) with Comisión Federal de Electricidad (CFE), a Mexican state-owned utility, which were awarded to the Project as part of the first wave of the long-term Mexican power auctions.

The Project is located in the state of Yucatán, an area of Mexico where there is an ongoing energy generation deficit, and that is currently experiencing the highest increase in energy consumption in the

⁴ [Mexican Taxonomy](#)

country. The Project addresses this generation deficit, and supports Yucatán self-sufficiency, energy-wise, by reducing reliance on energy generation from other Mexican states.

Contribution to the UN Sustainable Development Goals

Peninsula contributes to the Sustainable Development Goals (SDGs), as it generates affordable and clean energy, and helps combat climate change. By promoting the reduction of greenhouse gases associated with the domestic electricity sector, Peninsula acknowledges that the Eligible Green Assets have a direct contribution to:

- (i) "UN Sustainable Development Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all", and
- (ii) "UN Sustainable Development Goal 13: Take urgent action to combat climate change and its impacts".

2.2. Process for Project Selection and Evaluation

Peninsula commits to comply with the eligibility criteria as detailed in the Use of Proceeds section as well as the Sponsors' internal policies on the management of potential material environmental risk associated with the Eligible Green Assets.

The need for financing and/ or refinancing of the Eligible Green Assets will be determined by Peninsula's Board of Directors, which will review all aspects related to the management of the Green Financing.

The development, construction, installation, maintenance and operation of the Eligible Green Asset have been, and are being carried out, in accordance with the Sponsors' Corporate Governance and Regulatory Policies, Social Responsibility Policies and Compliance Policies. The Sponsors assess and will continue to assess the environmental and social impacts of their operations and pay special attention to controlling environmental and social risks.

During the construction period of the Project, an independent third party conducted an environmental and social due diligence assessment. The goal was to analyze the wind farm's compliance with Mexican laws and specific environmental and social regulations. The Environmental and Social Due Diligence performed during the construction also assessed the compliance of the Project with Environmental and Social Standards, including the IFC Performance Standards, the World Bank Group Environmental, Health, and Safety General Guidelines, and the Equator Principles. The report aimed to identify and evaluate the environmental and social risks of the Project and to propose related measures to mitigate them.

Since the commercial operation of the Project began, a third party conducts quarterly reviews of operations through its Operation and Maintenance reports (O&M Reports). These reports aim to ensure efficient operation and optimize the overall performance of the assets. They also assess the Project's

compliance with the Equator Principles and conduct additional environmental and social due diligence to ensure adherence to regulations, minimize environmental impact, and uphold social responsibility standards within the communities where the Project is located.

2.3. Management of Proceeds

The net proceeds of any Green Financing will be earmarked towards Eligible Green Assets as stated in Section “Use of Proceeds” of this Framework. Until full allocation to Eligible Green Assets, the proceeds shall be earmark credited in a dedicated account or tracked internally in Peninsula's systems. Peninsula will strive to fully allocate the net proceeds from the sale of any Green Bonds or Loans as soon as practicable, with all or substantially all of the remaining amount allocated within 24 months of the issuance. Any unallocated proceeds shall be held in the form of temporary cash or cash equivalent investment instruments in line with Peninsula's treasury management.

The net proceeds of any Green Financing are exclusively dedicated to finance and/or refinance the total costs for the development, construction, and operation of the Project. Peninsula, as a special purpose entity, has solely been established to support all associated costs of the Project. Payment of principal and interest will be made from Peninsula's general account and not be linked to the performance of the Eligible Projects.

2.4. Reporting

Peninsula will provide an annual Allocation Report until full allocation of the Proceeds and an annual Impact Report until maturity of the financing. The annual reports will be published on Dragados' website with respect to the Use of Proceeds and allocation to Eligible Green Assets. These reports will include, on a best-efforts basis, information regarding underlying assets financed or refinanced by the Green Financing, including but not limited to:

a) Allocation reporting

- A brief description of such assets
- The amount of net proceeds from any Green Financing Instrument that has been allocated to one or more Eligible Assets, either individually or by category, subject to confidentiality considerations
- The amount of unallocated net proceeds from any Green Financing Instrument
- A breakdown of the proceeds allocated towards refinancing of existing debt obligations (where applicable)

b) Impact reporting

- Total installed capacity (MW)

- Total electricity generation produced p.a. (MWh/GWh)
- Annual GHG emissions reduced/avoided (tCO₂ eq.)

2.5. External Review

Peninsula has appointed Sustainable Fitch to provide a Second Party Opinion on the Green Financing Framework, its transparency, governance, and alignment with the ICMA's Green Bond Principles and LSTA's Green Loan Principles. The opinion can be found on Dragados' website as well as the SPO provider's website.

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