Second-Party Opinion

Atlantica Sustainable Infrastructure Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Atlantica Sustainable Infrastructure Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds, Renewable Energy and Energy Efficiency, are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

PROJECT EVALUATION AND SELECTION For issuances by Atlantica and California Buyer Limited (CBL), Atlantica's ESG and Finance teams will be responsible for evaluating and selecting assets in line with the Framework's eligibility criteria. Atlantica has an ESG risk management and governance process to evaluate and manage the environmental and social risks associated with the eligible green assets. Sustainalytics considers the project selection process in line with market practice.

MANAGEMENT OF PROCEEDS For issuances by Atlantica and CBL, Atlantica's ESG and Finance teams will oversee the management and allocation of proceeds using a portfolio approach and an internal tracking system to monitor and account for proceeds. Atlantica intends to allocate proceeds within 36 months from the date of the relevant transaction. Pending full allocation of an amount equal to the net proceeds, proceeds will be held temporarily in cash, cash equivalents or other forms of available short-term funding sources. This is in line with market practice.

REPORTING For issuances by Atlantica and CBL, Atlantica will report on allocation and impact of proceeds in a Green Finance Report on its website on an annual basis until full allocation. Allocation reporting for issuances by CBL and Atlantica will include the amount of net proceeds allocated to eligible green assets, balance of unallocated proceeds, share and amount of financing versus refinancing and geographical distribution of the eligible green assets. In addition, Atlantica intends to report on relevant impact metrics in its Green Finance Report. Sustainalytics views Atlantica's allocation and impact reporting commitments as aligned with market practice.

Second-Party Opinion

Reviewed by: MORNINGSTAR | SUSTAINALYTICS

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Report Sections

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[1] This document updates the Second-Party Opinion provided by Sustainalytics in March 2020.

Introduction

California Buyer Limited ("CBL" or the "Special Purpose Entity") is a special purpose entity established by Energy Capital Partners (the "Parent Company") for the purpose of acquiring all the shares of Atlantica Sustainable Infrastructure ("Atlantica" or the "Company"), rendering Atlantica a wholly owned portfolio company of CBL. Atlantica is a sustainable infrastructure company which owns, manages and acquires renewable energy, efficient natural gas and district heating assets, electric transmission lines and water assets. Headquartered in Brentford, United Kingdom, Atlantica operates in North America (United States, Canada and Mexico), South America (Peru, Chile, Colombia and Uruguay) and EMEA (Spain, Italy, United Kingdom, Algeria and South Africa). Atlantica's portfolio comprises 47 assets with 2,213 MW of aggregate renewable energy installed generation capacity, 300 MW of efficient natural gas-fired power generation capacity, 55 MWt of district heating capacity, 1,229 miles of electric transmission lines and 17.5 M ft^3 per day of water desalination as of June 2024. As of December 2023, Atlantica had 1,366 employees.

Atlantica has developed the Atlantica Sustainable Infrastructure Green Finance Framework dated October 2024 (the "Framework") under which CBL will issue two green bonds and obtain a green revolving credit facility (the "2024 Green Offering"), an amount equivalent to the net proceeds of which will be used to refinance a proportion of Atlantica's green assets, and Atlantica may also issue green bonds (including private placements,[2] commercial paper and promissory notes) and obtain green loans[3] (including revolving credit facilities) and other labelled instruments[4,5] and use the proceeds to finance and refinance, in whole or in part, the Company's future and existing green assets that are expected to create positive environmental impacts.[6] The Framework defines eligibility criteria in two areas:

1. Renewable Energy
2. Energy Efficiency

Atlantica engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)[7] and the Green Loan Principles 2023 (GLP).[8] The Framework has been published in a separate document.[9]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[10] opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.17, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

[2] Atlantica has confirmed to Sustainalytics that it will limit private placements to debt instruments.
[3] For multi-tranche loans, Atlantica has communicated that it will label just those tranches as green that are dedicated to (re)financing green assets eligible under the Framework.
[4] Sustainalytics has reviewed just those green finance instruments that are specified in the Framework.
[5] The Framework specifies that there will be no double counting of green assets between outstanding green debt instruments and new green debt instruments issued or obtained under the Framework either by CBL or Atlantica.
[6] Eligible assets will be located in the US, Canada, Mexico, Peru, Chile, Colombia, Uruguay, Spain, Italy, UK and South Africa. Atlantica has communicated to Sustainalytics that it does not have eligible assets in Algeria and does not contemplate financing such assets in that country in the future.
[7] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[8] The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at https://www.lsta.org/content/green-loan-principles/
[9] The Atlantica Sustainable Infrastructure Green Finance Framework is available at: https://www.atlantica.com/
[10] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of Atlantica's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Atlantica representatives have confirmed that: (1) they understand it is the sole responsibility of Atlantica to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Atlantica.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Atlantica has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Atlantica Sustainable Infrastructure Green Finance Framework

Sustainalytics is of the opinion that the Atlantica Sustainable Infrastructure Green Finance Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories, Renewable Energy and Energy Efficiency, are aligned with those recognized by the GBP and GLP.
  - The proceeds of the green bonds issued by CBL will not be used to refinance operating expenditures at this time. As for future issuances by Atlantica, the Company has established a lookback period of 24 months for the potential refinancing of capital and operating expenditures. In addition, the refinancing of assets based on their book value will not have a lookback period. Sustainalytics considers this to be in line with market practice.
  - Under the Renewable Energy category, the Framework allows for financing or refinancing of assets or expenditures and investments related to the acquisition, construction, development, operation or maintenance of facilities generating electricity using solar photovoltaic, concentrated solar power (CSP) technology, wind power and hydropower as well as transmission lines. Sustainalytics notes the following:
    - Atlantica has confirmed that more than 85% of the electricity generated from facilities using CSP technology will be derived from solar energy.
    - Wind power projects may include onshore and offshore wind generation.
    - Hydropower facilities will meet one of the following criteria:
      - Facilities that became operational before the end of 2019 will be run-of-river without an artificial reservoir, have a power density greater than 5 W/m^2 or have life cycle carbon intensity below 100 gCO_2e/kWh.

  - Facilities that became or will become operational after the end of 2019 will be run-of-river without an artificial reservoir, have a power density greater than 10 W/m^2 or have a life cycle carbon intensity below 50 gCO_2e/kWh.
  - For all new facilities, Atlantica has confirmed that projects will be subject to an environmental and social risk assessment to ensure that no significant risk, negative impact or controversy related to the projects are identified.
- Transmission lines will adhere to the EU Taxonomy criteria of having more than 67% of newly enabled generation installed capacity in the system below 100 gCO_2e/kWh, measured on a life cycle basis in accordance with the electricity generation criteria, over a five-year rolling period. Atlantica has confirmed that new infrastructure dedicated to connecting new fossil fuel power plants will be excluded from financing.
- Sustainalytics views investments under this category to be aligned with market practice.

- Under the Energy Efficiency category, the Framework allows for financing and refinancing of assets or expenditures and investments related to battery energy storage systems (BESS) connected to renewables or to an electrical grid on a credible decarbonization pathway. Electrical grids on a credible decarbonization pathway are defined as grids where more than 67% of the newly enabled generation installed capacity in the system is below 100 gCO_2e/kWh, measured on a life cycle basis in accordance with the electricity generation criteria, over a rolling five-year period. Sustainalytics views investments under this category to be aligned with market practice.
- The Framework excludes assets and investments directly dedicated to fossil fuels.

- Project Evaluation and Selection:
  - For issuances by Atlantica and CBL, the Company's ESG and Finance teams will be responsible for evaluating and selecting assets in line with the Framework's eligibility criteria. The ESG team is a part of Atlantica's Investor Relations team and is led by the Director of ESG. The ESG team will recommend eligible green assets for approval by the finance team.
  - Atlantica has an adequate ESG risk management and governance process to evaluate and manage the environmental and social risks associated with the eligible green assets. For additional details, refer to Section 2.
  - Based on an established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - For issuances by CBL and Atlantica, the Company's ESG and Finance teams will also oversee the management and allocation of proceeds using a portfolio approach. Atlantica has established an internal tracking system to monitor and account for the proceeds.
  - Atlantica intends to allocate proceeds within 36 months from the date of the relevant transaction. Pending full allocation of an amount equal to the net proceeds, proceeds will be temporarily held in cash, cash equivalents or other forms of available short-term funding sources.
  - Based on the presence of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - For issuances by CBL and Atlantica, the Company commits to reporting on the allocation and impact of proceeds via a Green Finance Report on an annual basis, on its website, until full allocation.
  - Atlantica will include the amount of net proceeds allocated to eligible green assets, balance of unallocated proceeds, share and amount of financing versus refinancing and geographical distribution of the eligible green assets. Sustainalytics notes that the Company will receive third-party verification for its allocation reporting.
  - Atlantica has confirmed that it may issue revolving credit facilities under the loan issuance and will report until loan maturity.
  - Where feasible, the Green Finance Report may include impact metrics for assets financed, such as: i) total installed renewable energy capacity in MW; ii) total installed energy storage capacity in MWh; and iii) estimated GHG emissions avoided in tCO_2e. Impact studies may be supplemented with examples of specific projects or dedicated case studies.
  - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Atlantica Sustainable Infrastructure Green Finance Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Atlantica

Contribution to Atlantica's sustainability strategy

Atlantica's materiality assessment informs the priorities of its sustainability strategy. These priorities include: i) GHG emissions, ii) water management; iii) waste management; iv) biodiversity; v) human rights; vi) supply chain management; vii) customer management; viii) occupational health and safety; ix) people and culture; and x) local communities. Sustainalytics has focused below on the areas that are most relevant to the Framework.

To deliver on its strategy, Atlantica established the following targets: i) reduce scope 1 and 2 GHG emissions per kWh of energy generated (including steam generation) by 70% by 2035, relative to a 2020 baseline, which has been validated by the Science Based Targets initiative as aligned with the well-below 2°C reduction pathway; ii) reduce scope 3 GHG emissions per kWh of energy generated by 70% by 2035, relative to a 2020 baseline; iii) achieve net zero emissions by 2040; and iv) reduce non-GHG emissions per unit of energy generated by 50% by 2035, relative to a 2020 baseline.[11] Atlantica complements its investments in renewable energy assets with storage, transmission infrastructure and efficient natural gas assets to enable the energy transition as well as reducing the environmental impacts of own operations.[12,13]

Atlantica reports on its sustainability performance following the GRI and SASB standards, as well as the Task Force on Climate-related Financial Disclosures' recommendations and has been a signatory to the UN Global Compact since 2018.[14] As of December 2023, Atlantica's scope 1 and 2 GHG emissions per kWh of energy generated had decreased by approximately 14%, and scope 3 GHG emissions per kWh of energy produced by approximately 20%, as compared to the 2020 baseline. Additionally, GHG emissions avoided by the power generation assets were approximately 7 $MtCO_2e$ in 2023, as compared to 5.9 $MtCO_2e$ avoided in 2021.[15]

Sustainalytics is of the opinion that the Atlantica Sustainable Infrastructure Green Finance Framework is aligned with Atlantica's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving land use and loss of biodiversity associated with large scale construction, emissions effluents and waste generated during construction, occupational health and safety, and stakeholder management and community relations.

Sustainalytics is of the opinion that Atlantica is able to manage or mitigate potential risks through the implementation of the following:

- In relation to managing overall environmental risks, Atlantica has developed a risk analysis methodology based on ISO 31000,[16] which includes: i) identification of relevant risks; ii) assessment and evaluation of risks to recognize impact and frequency; and iii) management of risks to mitigate potential effects.[17]

[11] Atlantica, "2023 Integrated Annual Report", (2023) at: https://www.atlantica.com/wp-content/uploads/documents/2023-Integrated-Annual-Report-Web-1.pdf
[12] Atlantica, "Environmental Policy", at: https://www.atlantica.com/web/en/sustainability/environmental-policy/
[13] Atlantica, "2023 Integrated Annual Report", (2023) at: https://www.atlantica.com/wp-content/uploads/documents/2023-Integrated-Annual-Report-Web-1.pdf
[14] Atlantica, "2023 Integrated Annual Report", (2023) at: https://www.atlantica.com/wp-content/uploads/documents/2023-Integrated-Annual-Report-Web-1.pdf
[15] Ibid.
[16] ISO 31000 defines criteria for risk management systems.
[17] Atlantica, "Environmental Policy", at: https://www.atlantica.com/web/en/sustainability/environmental-policy/

- To mitigate risks related to land use and loss of biodiversity associated with large scale construction, Atlantica has a biodiversity policy setting commitments on addressing the impact of assets on ecosystems, landscapes and species by: i) identifying and avoiding operating in biodiverse areas; and ii) applying the mitigation principle to avoid, minimize, restore and offset.[18] Atlantica has committed to conducting biodiversity impact assessments for all its projects to minimize ecosystem impacts, protect local communities and the rights of Indigenous peoples.[19]
- To manage risks related to emissions, effluents and waste generated during construction, Atlantica has committed to complying with ISO 14001 on environmental management systems, which requires organizations to consider environmental issues related to air pollution, water and sewage issues, waste management, resource use and efficiency and climate change adaptation and mitigation.[20,21] Atlantica's environmental policy also outlines its commitments on environmental protection, including preventing pollution in the areas it operates in, reducing GHG emissions, reducing hazardous and non-hazardous waste and non-GHG air emissions, and water withdrawal and water consumption.[22] Furthermore, Atlantica has also adopted a water policy that highlights the Company's commitments to optimize its water footprint through the prevention, minimization and control of water pollution and reducing hazardous substances.[23]
- To address risks related to occupational health and safety, Atlantica has a health and safety policy mandating compliance with all applicable laws, regulations and contractual obligations. The policy also includes measures to identify and mitigate health and safety risks at assets and work centres, such as maintaining an occupational health and safety management system in line with ISO 45001[24] and providing training to employees.[25] Atlantica also has mechanisms to evaluate potential risks and resolve issues related to occupational health and safety, such as procedures for employees to identify and prevent hazards, accident awareness sign boards, emergency drills and a mobile safety application.[26]
- Regarding stakeholder management, Atlantica has a stakeholder policy for employees, suppliers, customers, business partners, local communities, shareholders and debt investors, to minimize reputational risks and improve operational efficiency. The policy outlines Atlantica's goals and standards on obtaining stakeholder input and building trust, including: i) complying with all legal, regulatory and contractual obligations; ii) ensuring transparency in relationships; iii) maintaining constructive, ongoing and effective dialogue with stakeholders; iv) implementing efficient programmes to monitor stakeholders' needs; and v) guidelines on identifying and managing relevant risks and opportunities associated with stakeholders.[27]
- To address risks associated with community relations, Atlantica has a Community Development and Involvement Policy that defines its commitments and the responsibilities of senior management to support, collaborate and promote the environmental, economic and social progress of local communities. These commitments include: i) compliance with all legal, regulatory and contractual obligations; ii) having senior management be responsible for implementing reasonable consultation guidelines to identify stakeholder and community interests; iii) establish community development targets and deadlines in targeted communities; iv) maintaining regular communication channels to identify and resolve potential issues; and v) transparently reporting on the key measures taken to support the communities where it operates.[28]

[18] Atlantica, "Biodiversity Policy", at: https://www.atlantica.com/web/en/sustainability/biodiversity-policy/
[19] Atlantica, "2023 Integrated Annual Report", (2023) at: https://www.atlantica.com/wp-content/uploads/documents/2023-Integrated-Annual-Report-Web-1.pdf
[20] International Organization for Standardization, "Introduction to ISO 14001:2015", at: https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100371.pdf
[21] Atlantica, "2023 Integrated Annual Report", (2023) at: https://www.atlantica.com/wp-content/uploads/documents/2023-Integrated-Annual-Report-Web-1.pdf
[22] Atlantica, "Environmental Policy", at: https://www.atlantica.com/web/en/sustainability/environmental-policy/
[23] Atlantica, "Water Policy", at: https://www.atlantica.com/wp-content/uploads/documents/Water-Policy_2023.pdf
[24] ISO 45001 defines criteria for occupational health and safety management systems.
[25] Atlantica, "Health and Safety Policy", at: https://www.atlantica.com/web/en/sustainability/health-and-safety-policy/
[26] Atlantica, "2023 Integrated Annual Report", (2023) at: https://www.atlantica.com/wp-content/uploads/documents/2023-Integrated-Annual-Report-Web-1.pdf
[27] Atlantica, "Stakeholder Policy", at: https://www.atlantica.com/web/en/sustainability/stakeholder-policy/
[28] Atlantica, "Community Development and Involvement Policy", at: https://www.atlantica.com/web/en/sustainability/community-development-and-involvement-policy/

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Atlantica has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible category.

Section 3: Impact of Use of Proceeds

The use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of increasing renewable energy in North America, South America and EMEA

In 2021, the US government established targets to reduce GHG emissions by 50-52% compared to a 2005 baseline and achieve 100% carbon-free electricity by 2035.[29] To support the targets, the US government pledged to invest USD 5.8 billion as climate finance, with USD 2.8 billion being for clean energy.[30] In Canada, the federal government also set a target to achieve net zero emissions grid by 2035.[31] In support of this, the Canadian government committed to investing approximately CAD 1.5 billion (USD 1.09 billion) in renewable energy development and grid modernization projects in 2023, aiming to increase access to clean and affordable electricity options in the country.[32] As of 2022, Mexico was the world's 13th-largest GHG emitter, responsible for nearly 1.11% of global GHG emissions.[33, 34] In 2015, Mexico established its Energy Transition Law (2015 - 2025) to advance renewable energy projects to support the country in achieving its Nationally Determined Contribution under the Paris Agreement. The commitments in the Energy Transition Law include increasing the share of clean energy in Mexico's power generation to 35%, 40% and 50% by 2024, 2030 and 2050 respectively.[35]

As of 2022, South America accounted for nearly 8% of the world's total installed capacity of renewable energy.[36] A significant share of this renewable energy generation is derived from hydropower facilities (80.7%), followed by wind (12.7%) and solar (6%).[37] Considering this energy mix and the untapped potential of beneficial geographical conditions, South America is well placed to leverage the potential of renewable energy to drive economic activities and improve the security and sustainability of energy globally.[38] Chile, for example, where Atlantica has a 35% ownership in three solar assets in operation with a combined capacity of 168 MW and 220 miles of transmission and distribution lines, has a goal of having 70% of its total energy consumption be met by renewables by 2030 and pledged to become carbon neutral by 2050.[39,40] Additionally, Chile's 2021 energy transition strategy focuses on achieving net zero emissions by 2050 by accelerating solar, wind and geothermal energy projects across the country.[41] In the case of Colombia, where Atlantica has four solar assets in operation with a combined capacity of 60 MW , its climate pledge at COP26 in 2021 is an emissions reduction target of 51% below the business-as-usual scenario for 2030 and a ceiling on total emissions of 169.44 $MtCO_2e$ in 2030, as compared to 300 $MtCO_2e$ in 2018.[42] The country also intends to develop renewable

[29] The White House, "Fact Sheet: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Jobs and Securing U.S. Leadership on Clean Energy Technologies", (2021), at: https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/

[30] US Department of State, "Progress Report on President Biden's Climate Finance Pledge", (2023), at: https://www.state.gov/progress-report-on-president-bidens-climate-finance-pledge/#:~:text=December%202,%202023.%20The%20United%20States%20is%20committed

[31] Government of Canada, "Canada launches consultations on a Clean Electricity Standard to achieve a net-zero emissions grid by 2035", (2022), at: https://www.canada.ca/en/environment-climate-change/news/2022/03/canada-launches-consultations-on-a-clean-electricity-standard-to-achieve-a-net-zero-emissions-grid-by-2035.html

[32] 46 Natural Resources Canada, "Canada Invests Over $960-Million in Renewable Energy and Grid Modernization Projects", (2021), at: https://www.newswire.ca/news-releases/canada-invests-over-960-million-in-renewable-energy-and-grid-modernization-projects-880196618.html

[33] WRI, "This Interactive Chart Shows Changes in the World's Top 10 Emitters", (2023), at: https://www.wri.org/insights/interactive-chart-shows-changes-worlds-top-10-emitters

[34] IEA, "Energy system of Mexico", at: https://www.iea.org/countries/mexico

[35] IRENA, "ENERGY TRANSITION LAW", at: https://www.irena.org/-/media/Files/IRENA/Agency/Webinars/LTES-Campaign---15-Nov--Mexico.pdf?la=en&hash=0B23554E9B91D51D350646ACCEAB46BD4DDD877A

[36] IRENA, "Renewable capacity highlights", (2023), at: https://www.irena.org/Publications/2023/Mar/-/media/4F25671B76C740A3957F235744AE36A1.ashx#:~:text=Solar%20and%20wind%20energy%20continued%20to%20dominate%20renewable

[37] IEA, "Energy system of South America", at: https://www.iea.org/regions/central-south-america/renewables#what-is-the-role-of-renewables-in-electricty-generation-in-central-south-america

[38] IEA, "Energy system of South America", at: https://www.iea.org/regions/central-south-america

[39] World Economic Forum, "How Chile is becoming a leader in renewable energy", (2023), at: https://www.weforum.org/agenda/2023/01/how-chile-is-becoming-a-leader-in-renewable-energy/

[40] UNFCCC, "Chile's Nationally Determined Contribution – Update 2020", at: https://www.weforum.org/agenda/2023/01/how-chile-is-becoming-a-leader-in-renewable-energy/

[41] Ibid.

[42] IEA, "Columbia 2023: Energy policy Review", at: https://iea.blob.core.windows.net/assets/2fa812fe-e660-42f3-99bc-bd75be3ca0b5/Colombia2023-EnergyPolicyReview.pdf

energy projects of 24.15 GW of total installed capacity for electricity generation by 2034.[43] In line with the pledge, the Colombian government has implemented its Renewable Energy Integration Program, which expects to leverage between USD 280 million and USD 560 million to meet its goal of indirectly integrating more than 100 MW of solar and wind capacity and developing green hydrogen production capacities.[44]

Europe's energy-related emissions accounted for 3.2% of global CO_2 emissions in 2022, exhibiting an increase of 30% in two decades. Renewables made up 38.2% of all power generation in the region in 2022.[45] In Spain, for example, where Atlantica has eight solar assets in operation with a combined capacity of 682 MW, the Integrated National Energy and Climate Plan (INECP) 2021-2030 sets objectives to achieve a 23% reduction in GHG emissions from 1990 levels, a 42% share of renewables in energy end use and a 74% share of renewables in electricity generation.[46] In a 2023 update of the INECP the Spanish government estimates an investment of EUR 294 billion to achieve energy and climate ambitions, 40% of which is expected to be allocated for renewable energy generation, 29% towards energy efficiency and 18% for energy networks.[47]

Meanwhile, Africa has a large renewable energy potential from existing technologies to fulfil future electricity demand, with an estimated potential nearly 1,000 times larger than its expected demand in 2040. However, this capacity remains underrealized.[48] In 2022, South Africa accounted for 1.2% of global CO_2 emissions, an increase of 40% in the last two decades, while renewables made up 8.4% of all electricity generation in the region.[49] Based on this, the African Union incorporated the development of a sustainable energy mix into its 2023 vision of making Africa a prosperous, self-driven and dynamic region in the international arena.[50,51] The African Development Bank has committed more than USD 12 billion to the sector between 2016 and 2020, and the World Bank's Africa Climate Business Plan aims to invest USD 16 billion in renewable energy projects.[52]

In this context, Sustainalytics is of the opinion that Atlantica's investments in renewable energy projects is expected to contribute to reducing GHG emissions and support the achievement of emissions reduction targets in the countries where it operates.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Atlantica Sustainable Infrastructure Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all

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[52] Vaissier, F.G. et al. (2021), "Renewable energy in Africa: Update in the era of climate change," White & Case, at: https://www.whitecase.com/insight-our-thinking/renewable-energy-africa-update-era-climate-change

		countries taking action in accordance with their respective capabilities.

Conclusion

Atlantica has developed the Atlantica Sustainable Infrastructure Green Finance Framework, under which CBL will issue and obtain the 2024 Green Offering, an amount equivalent to the net proceeds of which will be used to refinance a proportion of Atlantica's green assets, and Atlantica may also issue green bonds (including private placements, commercial paper and promissory notes) and obtain green loans (including revolving credit facilities) and other labelled instruments and use the proceeds to finance and refinance, in whole or in part, the Company's future and existing green assets that are expected to create positive environmental impacts.

The Framework outlines processes for tracking, allocation and management of proceeds and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with Atlantica's overall sustainability strategy and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that Atlantica has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that CBL and Atlantica are well positioned to issue green bonds and obtain green loans, and that the Atlantica Sustainable Infrastructure Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023.

Disclaimer

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