

GIAHSA GREEN FINANCING FRAMEWORK

DNV ELIGIBILITY ASSESSMENT

Scope and Objectives

Gestión Integral de Agua Costa de Huelva, S.A, (henceforth referred to as "GIAHSA" or the "Company") is a public owned company, providing services related to management of integral water cycle and the management of waste in 67 municipalities covering 241.474 inhabitants in the province of Huelva in Spain.

GIAHSA has developed a Green Financing Framework (henceforth referred to as the "Framework" or "GFF") The Framework enables issuance of green bonds and loans.

DNV GL Business Assurance España, S.L.U. (henceforth referred to as "DNV") has been commissioned by GIAHSA to provide a review of GIAHSA's GFF. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

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

Responsibilities of the Management of GIAHSA and DNV

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

Basis of DNV's opinion

We have adapted our green eligibility assessment methodology to create an GIAHSA-specific Green Financing Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol") - see Schedule 2. Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

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

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a bond or the borrower of a loan must use the funds raised to finance eligible activities. The eligible activities for a Green Bond/Loan should produce clear environmental benefits.

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- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond or the borrower of a loan should outline the process it follows when determining eligibility of an investment using Bond or Loan proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a bond or a loan should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors or the lenders should be made of the use of bond or loan proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

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

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

Findings and DNV's opinion

DNV's findings are listed below:

1. Principle One: Use of Proceeds.

GIAHSA intends to use the proceeds from Bond and Loans to finance the CAPEX and OPEX elements of the business operations, aligned to the Sustainable water and wastewater management and Pollution prevention and control categories of GLP and GBP. Additionally, investments are also considered into electric vehicles for the operational fleet and renewable energy generation to power the treatment and purification processes, aligned to the Clean Transportation and Renewable Energy categories.

DNV concludes that eligible categories outlined in the Framework are consistent with the categories outlined in the Green Bond Principles 2021 and Green Loan Principles 2021.

2. Principle Two: Process for Project Evaluation and Selection.

GIAHSA rely on sustainability criteria for the evaluation and selection of all tenders, CAPEX and OPEX expenditures, as defined in article 145.2 of Law 9/2017 on public sector contracts, including emissions offsetting and availability of complete, accurate reporting data.

The Framework also outlines the actions that will be taken if a project is no longer eligible.

3. Principle Three: Management of Proceeds.

DNV has reviewed the Framework and evidence which states the use of proceeds of any issuance or loan will be directed to financing GIAHSA's green projects.

GIAHSA intends for the full proceeds to be disbursed at point of issuance, however any funds pending allocation will be placed in GIAHSA's liquidity portfolio.

GIAHSA will remove expenditures from projects that are cancelled or become ineligible and replace with alternative eligible projects.

4. Principle Four: Reporting.

DNV can confirm GIAHSA has committed to annual reporting specific to the use of proceeds from Green Bonds/Loans, on the allocation of the expenditure and the balance remaining until the tracked proceeds are fully allocated to eligible projects.

GIAHSA has also committed to provide impact reporting on the expected environmental impacts of the eligible green projects financed. GIAHSA clearly outlines the proposed impact indicators for each eligible category and units of measurement.

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On the basis of the information provided by GIAHSA and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles 2021 and green loans within the Green Loan Principles 2021.

for DNV GL Business Assurance España S.L.U.

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About DNV

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

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

SCHEDULE 1: DESCRIPTION OF CATEGORIES/ASSETS TO BE FINANCED

GIAHSA Business Line	Eligible Green Category	Description	UN SDG Alignment
Waste Management	Pollution Prevention and control	<p>Construction, manufacture, installation, expansion, repair/renovation/ retrofit/ improvement, purchase, operation and maintenance of activities that improve quality and efficiency, including sorting and treatment of waste, such as:</p> <ul style="list-style-type: none"> – Renovation of sewage systems – Installation of bins for biowaste – Implementation of Sustainable Mobility Plans – Construction of a wastewater composting plant – Provision of new clean points throughout the province of Huelva – Payment of the public concessions of the municipal supply and sewage networks of the joint municipalities to secure the concession titles on the municipal networks until the year 2040 and guarantee the correct renovation and improvement of the municipal networks 	
Water Management	Sustainable water and wastewater management	<p>Construction, manufacture, installation, expansion, repair/renovation/ retrofit/ improvement, purchase, operation, and maintenance of activities that improve quality and efficiency, such as:</p> <ul style="list-style-type: none"> – Renovation of water supply systems 	

		<ul style="list-style-type: none"> - Installation of new water purification systems - Improvements in EWAPS to increase water quality - Installation of digital water meters - Payment of the public concessions of the municipal supply and water networks of the joint municipalities to secure the concession titles on the municipal networks until the year 2040 and guarantee the correct renovation and improvement of the municipal networks 	
Electric vehicle fleet	Clean Transportation	<p>Investment into electric vehicles for fleet, including purchase, repair, service of vehicles</p> <p>Investment into charging infrastructure for electric vehicle fleet, including purchase, repair, service of infrastructure</p>	 
Renewable Energy	Renewable Energy	Construction, installation, repair/renovation/ retrofit/improvement, purchase, operation, and maintenance of renewable energy generation assets that provide power to business operations	 

SCHEDULE 2: GIAHSA-SPECIFIC GREEN FINANCING FRAMEWORK ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond/loan	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles (GBP):</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond <p>Green loans are any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects. Green loans must align with the four core components of the Green Loan Principles (GLP), as set out below. Green loans should not be considered interchangeable with loans that are not aligned with the four core components of the GLP.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GIAHSA Green Financing Framework, May 2022 • Discussions with issuer 	<p>The Framework applies to:</p> <ul style="list-style-type: none"> • Bonds falling in the category of a Green Use of Proceeds Bond. • Loans that align with the four components of the Green Loan Principles

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1b	Green Project Categories	The cornerstone of a Green Bond/Loan is the utilization of the proceeds which should be appropriately described in the legal documentation for the security.	Evidence reviewed: <ul style="list-style-type: none"> GIAHSA Green Financing Framework, May 2022 Non-financial report (EINF) 2020 Financial report (CCAA) 2020 Discussions with issuer 	We conclude that the Framework describes the proposed utilization of proceeds.
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Evidence reviewed: <ul style="list-style-type: none"> GIAHSA Green Financing Framework, May 2022 Discussions with issuer 	The Framework outlines the expected environmental benefits that will be realised for each Project Category, by any Bonds issued and Loans received under the Framework.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Green Bond and the borrower of a Green Loan should outline the decision-making process it follows to determine the eligibility of projects using Green Bond/Green Loan proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Green Projects categories identified in the GBP/GLP; • The criteria making the projects eligible for using the Green proceeds; and • The environmental sustainability objectives 	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GIAHSA Green Financing Framework, May 2022 • Law 9/2017 • Discussions with issuer 	<p>GIAHSA rely on sustainability criteria for the evaluation and selection of all tenders, CAPEX and OPEX expenditures, as defined in article 145.2 of Law 9/2017 on public sector contracts, including emissions offsetting and availability of complete, accurate reporting data.</p>
2b	Issuer’s environmental and social and governance framework	<p>In addition to information disclosed by an issuer or a borrower on its Green Bond/Green Loan process, criteria and assurances, Green Bond/Green Loan investors may also take into consideration the quality of the issuer’s or the borrower’s overall framework and performance regarding environmental sustainability.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • GIAHSA Green Financing Framework, May 2022 • GIAHSA Sustainability Report (Memoria de Sostenibilidad) 2020 • Non-financial report (EINF) 2020 	<p>We conclude that, from the information provided and publicly available information, GIAHSA’s approach to managing environmental sustainability is in line with the objective of the Framework.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bonds/Loans should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer’s lending and investment operations for Green Projects.	Evidence reviewed: <ul style="list-style-type: none"> GIAHSA Green Financing Framework, May 2022 Discussions with issuer 	We conclude that proceeds will be tracked in an appropriate manner and attested to by a formal internal process.
3b	Tracking procedure	So long as the Green Bonds/Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green investments or loan disbursements made during that period.	Evidence reviewed: <ul style="list-style-type: none"> GIAHSA Green Financing Framework, May 2022 Discussions with issuer 	We conclude that there is a clear process in place for the tracking of the balance taking disbursements into account.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Evidence reviewed: <ul style="list-style-type: none"> GIAHSA Green Financing Framework, May 2022 Discussions with issuer 	We conclude that GIAHSA has disclosed how it will manage any unallocated proceeds within its liquidity portfolio.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers and borrowers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible, with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> GIAHSA Green Financing Framework, May 2022 Discussions with issuer 	<p>DNV can confirm GIAHSA has committed to annual reporting specific to the use of proceeds from Green Bonds/Loans, on the allocation of the expenditure and the balance remaining until the tracked proceeds are fully allocated to eligible projects.</p> <p>GIAHSA has also committed to provide impact reporting on the expected environmental impacts of the eligible green projects financed. GIAHSA clearly outlines the proposed impact indicators for each eligible category and units of measurement.</p>