



DOUBLE MATERIALITY REPORT

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1. PURPOSE OF THE DOCUMENT

The purpose of this document is both to update the materiality exercise carried out in 2020 in line with the latest regulatory standards and recommendations on sustainability and to lay the foundations by establishing the main dimensions and drivers of the new ESG Roadmap 2024-2026.

On the one hand, Greenergy has updated the materiality exercise carried out in 2020, following, among others, the recommendations on non-financial information of the CNMV. Also, in this new exercise, the concept of Double Materiality has been included to align with the new Sustainability Directive (CSRD).

On the other hand, Greenergy is working on updating the ESG Roadmap 2024-2026, which will be presented publicly at the end of this year. In this regard, after an exhaustive internal and external analysis, the double materiality analysis will lay the foundations for the new ESG Roadmap, establishing the material issues as the main drivers of the Roadmap.

2. REGULATORY CONTEXT

The concept of materiality is in constant evolution by different bodies; regulators, supervisors and reporting standards.

In 2019, the European Commission introduced in its *Guidelines on reporting climate-related information*, for the first time, the term <<double materiality>> adding not only the classical perspective of simple materiality but also including as a novelty the impact of material issues on the company's financial performance.

Numerous regulatory and supervisory bodies and reporting standards are taking a double materiality approach. While the definitions of double materiality in the various initiatives are aligned, the methodologies and reporting requirements differ considerably:

I. CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)



In 2021 the European Commission adopted a proposal for a *Corporate Sustainability Reporting Directive* amending the *Non-Financial Reporting Directive*. This reinforces the requirement to develop the materiality analysis from a "double materiality" perspective, which implies that companies have to report on how sustainability affects their business, understood from an "outside-in" perspective, and from an "inside-out" perspective, in terms of impact on people and the environment.

II. EUROPEAN SUSTAINABILITY REPORTING STANDARDS EFRAG

As a result of the new CSRD, one of the main improvements is the standardisation of the *European Sustainability Reporting Standards* (ESRS). The ESRS should

be a first step on the road to an accurate representation of companies' sustainability performance.

The *ESRS 1* indicator uses the double materiality criterion: impact materiality and financial materiality. It provides criteria for determining whether or not to include information on a Sustainability topic in the Sustainability report. A Sustainability topic meets the dual materiality criteria if it is material from an impact perspective or from a financial perspective or from both perspectives.

III. CNMV



The National Securities Market Commission (in Spanish "Comisión Nacional del Mercado de Valores"), in its *annual report on the supervision of the non-financial information of issuing companies in 2022*, mentions a section on materiality in which it indicates that not only the "inside-out" perspective, or social and environmental materiality, should be taken into account, but that it should be completed from an "outside-in" perspective, or financial materiality.

IV. GLOBAL REPORTING INITIATIVE



The reference indicator, GRI, considers that the relevant material topics represent the most significant impacts derived from the organisation's activity on the Economy, the Environment and People, including impacts on its Human Rights.

To identify the material issues it will be necessary to understand the context of the organisation (activities, business relationships, sustainability context and stakeholders), identify current and potential positive and negative impacts, assess their importance and prioritise them.

V. SUSTAINABILITY DISCLOSURE STANDARD



In materiality, sustainability disclosures related to financial information are material if their omission, inadequate expression or overstatement could reasonably be expected to influence the decisions that primary users of general purpose financial information make on the basis of that information, which provides information about a specific reporting entity.

VI. EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA)



ESMA explains that the general objective of the disclosures in the NFI report is to report non-financial information to the extent necessary for a proper understanding of the situation, performance and development of the company or group, or the impact of its activity on the environment.

For this, the concept of materiality must be based on a double one:

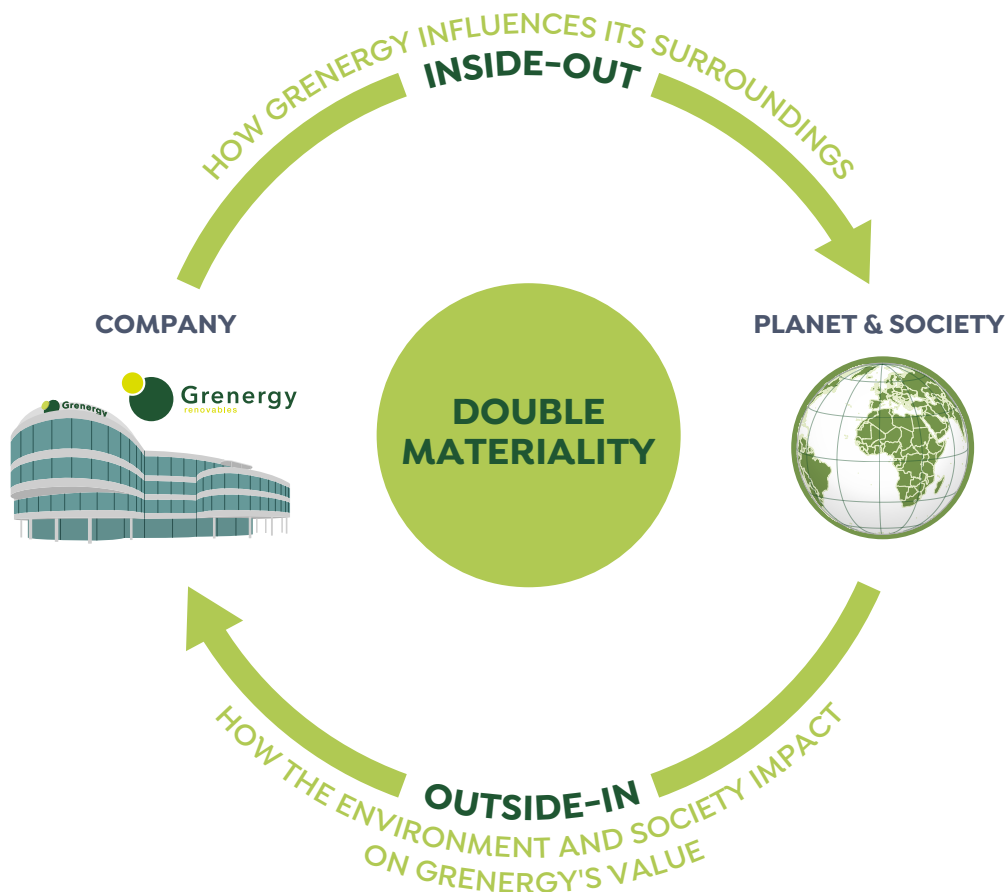
- the effect of non-financial issues on the entity (financial materiality), and
- The effect of the entity on the environment (materiality of impact)

3. DEFINITION AND METHODOLOGY

3.1. Definition

Double materiality is the union of impact materiality and financial materiality. Thus, a sustainability issue meets the criteria for double materiality if it is material from an impact perspective, from a financial perspective, or from both perspectives. The non-financial reporting statements will be based on the material issues identified through this methodology.

- **Financial materiality:** A sustainability issue is material from a financial perspective if it causes or is likely to cause significant financial effects on companies, i.e. if it generates or is likely to generate significant risks or opportunities that influence or are likely to influence future cash flows and thus the value of the company in the short, medium or long term.
- **Impact materiality:** A sustainability issue is material from an impact perspective if it is related to significant actual or potential impacts of the company on people or the environment in the short, medium or long term. This includes impacts directly caused or contributed to by the company in its own operations, products or services, as well as impacts that are directly related to the company's value chain (downstream or upstream).



3.2. Methodology

Greenergy has included the double perspective in the Company's double materiality analysis process where it combines impact materiality, taking into consideration the most recent publications of the main international and European standards EFRAG, GRI and SASB, and financial materiality, based on the interpretation of the EFRAG and SASB report as well as its own internal methodology.

The methodology used by Greenergy to analyse double materiality is presented below:

I. Organisational context

The materiality analysis update is preceded by:

- Update of the 2020 materiality analysis
- Prioritisation of Greenergy's critical material issues by reducing the number of material issues (21 material issues by 2020)
- Inclusion of the concept of "double materiality" following the recommendations of GRI, EFRAG and other national and international standards (CNMV, CSRD...)
- Requirements of Greenergy's main stakeholders

Prior to the double materiality analysis, Greenergy's context has been assessed in order to understand the present and future situation. To this end, Greenergy's **activities** (ESG and business strategy, corporate purpose, renewable sector, activities carried out, etc.), **business relationships along** the value chain, **sustainability context** (local and global economic, environmental, social and human rights challenges related to the organisation's sectors and the location of its activities) and **identification of stakeholders and their impacts were** pre-assessed.

II. Identification of ESG impacts

The identification of ESG impacts has been obtained on the basis of 3 levels according to the typology of the source of the identified impact:

- **Level agnostic:** ESG issues transversal to all companies. Ex: GRI indicators, ESG ratings, Law 11/2018 on Non-Financial Reporting and/or Non-Financial Reporting Directive (NFRD), among others
- **Sector level:** Relevant topics for companies in a specific sector, in this case renewable energy. E.g.: *Benchmark of sector peers* and macro trend reports (*Global landscape Renewable energy finance 2023 - IRENA, 2023 renewable energy industry outlook - Deloitte and Infrastructure futures report - WEF,BCG,GIH*)
- **Company level:** Relevant issues according to the specific activities of the Company. Ex: Greenergy Policies and Procedures, ESG Roadmap 21-23 and 24-26, among others

III. Impact materiality analysis

- III.1. Identify the actual and potential impacts, both positive and negative, that Greenergy generates on the environment and people, from an inside-out perspective. These impacts are known as generated impacts
- III.2. Assess the identified generated impacts in terms of likelihood and severity according to scale, scope and irremediability

IV. Analysis of financial materiality

- IV.1. Identify actual and potential impacts, both positive and negative, that affect Greenergy from the "outside in" and may pose a risk or opportunity to the company from a financial point of view. These impacts are known as impacts suffered
- IV.2. Assess the impacts suffered identified on the basis of their probability and financial effects depending on the subject affected (human, financial, natural capital, etc.). It should be noted that an internal impact assessment methodology has been established following the interpretation of the EFRAG and SASB standard

V. Prioritisation of the impacts suffered and generated

- V.1. Establishment of a methodology for prioritisation of impacts both suffered and generated following the EFRAG double materiality report narrative and the GRI 3 standard
- V.2. Identify a threshold for determining which topics are material for reporting at the critical relevance level

VI. Elaboration of the list of material issues 2023

- VI.1. Update of the material topics in relation to the simple materiality analysis carried out in 2020, with a tendency to progressively reduce the material topics. Likewise, based on the impacts generated and suffered identified, assessed and prioritised, the final list of 17 material topics for 2023 is established (vs. 21 material topics in 2020)

MAIN CHANGES:

- Reformulated the topic "Climate Change" and merged with "*Energy Transition and, sectoral and regulatory changes*" and "*Business context/Renewable energy*" into the new material topic "**Climate Neutrality and Energy Transition**"
- New material issues relevant to Greenergy:
 - "**Responsible management of water resources**"
 - "**Respect and protection of human rights**"
 - "**Cybersecurity and information security**"
 - "**Customer and supplier engagement**"

- Elimination of the material topic "Environmental Safety" as it is already an intrinsic part of Greenergy's culture
- Reformulated and merged "Local wealth creation: employment, suppliers, economic development, land use" and "Dialogue processes with local communities" into the material topic **"Contribution to development and involvement of local communities"**
- Reformulated "Employee Health and Safety" to **"Health and Safety"** to take into account all stakeholders
- Reformulated and merged "Integration of ESG aspects in strategy and decision-making" and "Compliance (anti-corruption rules, money laundering, etc.)" into new material topic **"Corporate governance and fair corporate conduct"**
- Replacement of "Integration of renewable energies in the electricity system" with the material topic **"R&D&I in new markets and renewable technologies"**
- Unified "Financial Soundness, Profit, Growth" and "Green Finance" with **"Economic and financial performance & Green financing"**
- Unified 'Non-financial risk management systems' and 'Financial and operational risk management systems' by the material topic **'Financial and non-financial risk management systems'**
- Minor drafting changes to other material issues

LIST OF MATERIAL TOPICS 2023:

1	Climate neutrality and energy transition
2	Conservation and restoration of biodiversity and ecosystems
3	Circular economy and efficient consumption and waste management
4	Responsible management of water resources
5	Contribution to development and involvement of local communities
6	Diversity, equality and inclusion
7	Health and safety
8	Attraction, development and retention of human capital
9	Sustainable supply chain
10	Respect and protection of human rights
11	Transparency and responsible fiscal management
12	Financial and non-financial risk management systems
13	Corporate governance and fair corporate conduct
14	Cybersecurity and information security
15	Customer & supplier engagement
16	Economic and financial performance & Green financing
17	R&D&I in new markets and renewable technologies

● Environmental
 ● Social
 ● Governance
 ● Finance

VII. External analysis of double materiality

- VII.1. External analysis to weight material issues according to their importance taking into account the double perspective, from the point of view of the financial impact on Greenergy as well as the impact on people or the environment
- VII.2. To this end, stakeholders (financial backers, shareholders and investors, employees and the Board of Directors, among others) have been involved

VIII. Mathematical weighting of double materiality

- VIII.1. Mathematical intersection in a matrix representing on the x-axis (impact materiality) and on the y-axis (financial materiality) the priority material issues found in the section labelled "Level of critical relevance" (top right section)
- VIII.2. The same weighting has been considered for both internal and external analysis
- VIII.3. Identification of critical material for each topic in table format (See Annex 5.2):
 - Impacts generated and suffered, both positive/negative and Actual/Potential
 - Rating of impacts suffered and generated on a rating scale (low, medium and high)

4. RESULTS



1	Climate neutrality and energy transition
2	Conservation and restoration of biodiversity and ecosystems
3	Circular economy and efficient consumption and waste management
4	Responsible management of water resources
5	Contribution to development and involvement of local communities
6	Diversity, equality and inclusion
7	Health and safety
8	Attraction, development and retention of human capital
9	Sustainable supply chain
10	Respect and protection of human rights
11	Transparency and responsible fiscal management
12	Financial and non-financial risk management systems
13	Corporate governance and fair corporate conduct
14	Cybersecurity and information security
15	Customer & supplier engagement
16	Economic and financial performance & Green financing
17	R&D&I in new markets and renewable technologies

● Environmental
 ● Social
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5. ANNEXES

5.1. Definition of material issues

Material issue	Definition
Climate neutrality and energy transition	The environmental process of decarbonisation whereby the aim is to achieve zero net carbon dioxide emissions, which are equal to or less than the emissions that are removed through the planet's natural absorption, resulting in a carbon-neutral balance in terms of production, distribution and consumption.
Conservation and restoration of biodiversity and ecosystems	Action measures aiming at the conservation and restoration of ecosystems, as well as ensuring the protection of biological diversity, generating a sustainable use of natural resources, and an environmentally aligned rural and urban development.
Circular economy and efficient consumption and waste management	Economic model based on sustainable production and consumption through the optimisation of resources, reducing the consumption of raw materials, and generating a greater use of waste, extending the life cycle of the latter, reusing them to generate new products with a lower environmental impact.
Responsible management of water resources	A process by which sustainable management of the use and business impacts of these resources is planned and developed, including actions covering the mitigation of possible negative impacts, with a focus on those areas of greatest water stress, producing an approach that encourages a more rational and efficient use of water resources, while contributing to greater conservation of ecosystems.
Contribution to development and involvement of local communities	Commitment to the establishment of relationships based on a prism of cooperation and mutual respect with local communities that maintain constant interactions with the company, encouraging their development and growth, together with the recruitment and training of local employees.
Diversity, equality and inclusion	A practice that promotes the presence in the organisation of professionals of different age, sex, race or sexual orientation, through mechanisms that guarantee non-discrimination and the involvement of all employees in its fulfilment.

Material issue	Definition
Health and safety	Existence of mechanisms to prevent possible risks that could endanger the safety of both employees and the Company's main stakeholders, with the adoption of tools that regularly monitor their health, including measures to promote a healthy work environment. On the other hand, work scenarios and facilities must be safe and not have elements that could threaten the physical integrity of people.
Attraction, development and retention of human capital	Ability to promote the hiring and attraction of new profiles along with the inclusion of programs that encourage the development and acquisition of new skills by employees. Likewise, it has a fair compensation system, flexible compensation, labor flexibility and work-life balance, and growth opportunities, thus facilitating the dynamics of retaining human capital.
Sustainable supply chain	Measures to ensure responsible management of the supply chain at environmental, social and good governance levels, taking into account the company's actions and those of suppliers, thus minimising the environmental, social and economic impacts of supply chain activities.
Respect and protection of human rights	Use of tools that ensure the achievement of and respect for human rights, capable of detecting possible impacts and the existence of policies that imply the non-violation of human rights in the company's activities. It also includes the existence of measures to deal with possible negative impacts on human rights.
Transparency and responsible fiscal management	Legal, ethical and consistent practice of taxation in accordance with the sustainability commitments defined, where there is an exhaustive analysis and a sufficiently transparent communication of the information and tax strategy published. In addition to establishing a correct relationship with the tax authorities and having the necessary resources to ensure compliance with tax regulations.
Financial and non-financial risk management systems	Implementation of mechanisms for the identification and monitoring of financial risks, i.e. those related to market movements, and non-financial risks, which include climate, biodiversity, social, conduct or reputational issues, among others. In addition, a contingency plan is established to mitigate and resolve the risks identified.
Corporate governance and fair corporate conduct	Establishment of policies and rules governing the structure and operation of the company's various governing bodies, from the Board of Directors to the various committees and shareholders. Corporate governance should be based on principles such as shareholder accountability, independence in board decision-making, compliance with ethical and legal behaviour, transparency in published information, and equality of shareholders' rights.

Material issue	Definition
Cybersecurity and information security	A set of measures aimed at preventing and defending the information stored and the different servers and electronic devices through policies that ensure the confidentiality of both company and customer data. Also avoiding possible malicious attacks and establishing protection mechanisms.
Customer & supplier engagement	An approach that provides quality customer and supplier interactions, with the intention of increasing the degree of satisfaction through concise and continuous communication, generating synergies with the different customers and suppliers that in turn translate into an indicator of the company's profitability.
Economic and financial performance & Green financing	A financial strategy that seeks to maximise the value of the company, including cost reduction, increased production, the ability to generate new revenues, and access to finance. In addition, it is aligned with environmental awareness, through the use of instruments such as green bonds and green finance, resulting in the ability to finance sustainable projects and make sustainable and responsible investments.
R&D&I in new markets and renewable technologies	Actions to boost and promote research in renewable technologies, i.e. storage batteries, renewable hybrid systems, H2 projects, etc.

5.2. List of critical material issues

Material issue	Impact materiality				Financial materiality				Management & Mitigation measures
	Impact	Negative/Positive	Potential/Actual	Qualification	Impact	Negative/Positive	Potential/Actual	Qualification	
Climate Neutrality and Energy Transition	Economic and social instability of the community affected by potential climate-related disasters as a result of lack of or insufficient adaptation measures to ensure the resilience of assets to physical climate hazards.	Negative	Potential	Medium	Fluctuation of the price of TnCO2 in offset projects causing a higher economic cost when offsetting Scope 1, 2 and 3 emissions.	Negative	Potential	Medium	<p>Greenergy closely monitors regulatory changes in the energy and climate sector at national, European and international level in order to be aligned with them and thus anticipate the main requirements set by regulatory bodies.</p> <p>In this regard, Greenergy is working on a climate neutrality report indicating the roadmap to be followed to achieve neutrality of direct and indirect emissions in the 3 scopes through the implementation of energy efficiency measures and reduction of specific emissions in all departments, geographies and phases of operation of the Company. It is expected to be published by the end of 2023. This Plan confirms the Company's ambitious decarbonisation path, being aligned and certified with the 1.5°C scenario of the Science Based Target Initiative (SBTi) for both the short and long term (1).</p> <p>However, Greenergy is going one step further with the Climate Neutrality Plan, setting a 60% emissions reduction target for Scope 1 and 2 by 2030 and to be carbon neutral in all 3 scopes by 2040.</p> <p>Greenergy will publish by the end of the year a climate change report aligned with the recommendations established by the Task Force on Climate-Related Financial Disclosures (TCFD) in relation to the disclosure of climate risks and opportunities. In addition, in 2024 we will continue to deepen the integration of climate scenarios and quantification of climate change impacts.</p>
	Increased production of renewable energy thanks to increased regulation that benefits society with lower prices and the environment by favouring the energy transition.	Positive	Real	High	Government commitment to increase regulation regarding subsidies and greater access to financing, thus favouring an increase in the production of renewable energies and, in this way, their penetration in the electricity mix.	Positive	Potential	High	

(1) Greenergy has joined SBTi at the beginning of 2023 using the target validation pathway for small and medium-sized enterprises (SMEs). In this regard, Greenergy Renovables SA commits to reduce its Scope 1 and Scope 2 GHG emissions by 42 % by 2030 from a base year 2021, and to measure and reduce its Scope 3 emissions. Finally, Greenergy Renovables SA commits to reduce its Scope 1+2+3 emissions by 100 % by 2050 from a base year 2021.

Material issue	Impact materiality				Financial materiality				Management & Mitigation measures
	Impact	Negative/Positive	Potential/Actual	Qualification	Impact	Negative/Positive	Potential/Actual	Qualification	
Conservation and restoration of biodiversity and ecosystems	Regeneration of habitats and ecosystems by early actions on land and the establishment of a system to mitigate impacts on avifauna.	Negative	Real	High	Increase in OPEX/CAPEX, a priori not accounted for, due to the pressure to collaborate with alliances and organisations to propose a just energy transition while guaranteeing biodiversity conservation.	Negative	Potential	Medium	<p>Greenergy has a long-term objective to achieve a net positive impact on biodiversity. This is why the protection and restoration of biodiversity and ecosystems is a critical issue due to the need to use the land to carry out the Company's main economic activity. In this sense, the Company has a hierarchy of mitigation of impacts on biodiversity with a preventive approach, first selecting project locations beforehand, avoiding protected areas, followed by their minimisation through environmental impact assessments and environmental monitoring plans and, when it is not possible to avoid them, establishing restoration and compensation measures once the unfeasibility of implementing other types of measures to lessen the impact has been analysed.</p> <p>Greenergy has a procedure for collecting and monitoring biodiversity KPIs for all projects, which are reported periodically on a quarterly and half-yearly basis (depending on relevance) to the Board of Directors and the Audit Committee.</p> <p>Among the main objectives, in 2024 Greenergy plans to develop a Biodiversity Policy, a TNFD-based nature-related risk assessment and to develop a biodiversity roadmap. In 2025, we plan to adhere to Science Based Targets for Nature and progressively implement Nature Based Solutions in our projects, and in 2026 to create a biodiversity footprint measurement tool.</p>
	Loss of trust with local institutions (city councils and other local administrations or entities) due to the impact and destruction of habitats and ecosystems on the land where the plants are located.	Negative	Potential	High	Promotion of partnerships with local organisations, NGOs, etc.	Positive	Potential	High	

Material issue	Impact materiality				Financial materiality				Management & Mitigation measures
	Impact	Negative/Positive	Potential/Actual	Qualification	Impact	Negative/Positive	Potential/Actual	Qualification	
Circular economy and efficient consumption and waste management	Contamination of fauna and flora in projects due to incorrect management of photovoltaic and wind energy waste (solar panels, inverters, structures, etc.).	Negative	Potential	Medium	Increase in the number of organisations promoting second life through the recovery of plant waste (sale of building materials; wood coils, solar panels, etc.).	Positive	Potential	High	<p>The efficient management of resources and the extension of their useful life is a relevant issue for Grenergy due to the generation of waste, both hazardous and non-hazardous. At Grenergy we have internalised the hierarchy of measures for waste management, always prioritising the recovery of waste, both in terms of recycling and donating it to local communities, generating a positive social impact while at the same time giving a second useful life to the resources.</p> <p>As with the previous material issue, we have circular economy KPIs for all projects, which are periodically reported to the Board of Directors and the Audit Committee. These allow us, among others, to calculate scope 3 GHG emissions related to waste generated in upstream operations and thus to detect unusual variations due to inefficiencies in the use of resources.</p> <p>Among the main objectives for the next two years, Grenergy plans to develop a Circular Economy Policy as well as a Corporate Circularity Plan.</p>
	Reduction of waste generation due to the implementation of circularity improvement programmes and thanks to the high recyclability of solar panels (> 90%).	Positive	Real	Under	Financial penalties by the competent authorities in relation to inadequate waste management and treatment.	Negative	Potential	High	

Material issue	Impact materiality				Financial materiality				Management & Mitigation measures
	Impact	Negative/Positive	Potential/Actual	Qualification	Impact	Negative/Positive	Potential/Actual	Qualification	
Contribution to the development and involvement of local communities	Decrease in socio-economic activity in the areas where the company ceases to operate.	Negative	Potential	Medium	Difficulty of entry into markets with strong social pressure from local communities asking for higher standards	Negative	Potential	High	<p>Greenergy is aware of the footprint it leaves on the communities in which it operates and works to generate a positive social impact. This is why, through the Sustainability Policy and Local Community Relations Procedure, we seek to build a relationship of trust with the community, maintaining fluid, constructive and transparent communication. To this end, we hold formal meetings and reports, training sessions, consultations and various communication channels.</p> <p>Greenergy follows a Social Action Plan for each project as a needs assessment for the creation of social value in the communities guided by the basic principles and strategic lines. By 2024, one of the objectives is to draw up a corporate social impact management plan.</p>
	Guarantee the processes of community participation and the promotion of free, prior and informed consultation activities and the implementation of social inclusion actions.	Positive	Real	High	Increased regulation and funding requirements (access to funds or interest rate discounts)	Positive	Potential	High	

Material issue	Impact materiality				Financial materiality				Management & Mitigation measures
	Impact	Negative/Positive	Potential/Actual	Qualification	Impact	Negative/Positive	Potential/Actual	Qualification	
Attracting, developing and retaining human capital	Increased ability to attract talent and reduce employee turnover due to the implementation of recruitment and remuneration policies, as well as the benefits programme.	Positive	Potential	Medium	Better economic and social conditions for highly sought-after and qualified profiles thanks to nextgen funds to promote employment in sectors that promote the energy transition.	Positive	Potential	High	<p>Greenergy is aware that the main driving force that makes the company a benchmark in the sector is its human capital. Proof of this is the Company's expansion year after year, with double-digit growth over the last three years. None of this would be possible without a clear commitment to the personal development of employees, equality and diversity of opportunities, flexibility and work-life balance, promotion of a culture of health, safety and well-being, and a commitment to young talent. Certificates such as Great Place to work or recognition as one of the companies in the IBEX Gender Equality Index of the BME endorse this.</p> <p>However, due to the competitiveness and scarcity of qualified profiles in the sector, it is necessary to establish best practices in terms of attracting and retaining talent. Examples of this are the wide variety of technical, language and soft skills training, commitment to the inclusion of profiles at risk of social exclusion in the workforce and collaboration with various foundations to improve the visibility of vulnerable people, commitment to young talent through agreements with universities and commitment to a working environment of equality, respect and non-discrimination thanks to the Management's commitment to Equality, development of the Equality Plan and the policy of preventing and combating harassment in the workplace.</p> <p>Greenergy is committed to managing this issue by establishing, among others, an annual review of the company's social benefits by 2024, as well as regular work climate surveys. In the coming years, an internal mobility plan and improvements to the training plan will be implemented.</p>
	Shortage of social benefits and attractive work-life balance measures for retaining human capital	Negative	Real	Medium	High turnover rate due to labour bottlenecks in the sector (high demand and low supply).	Negative	Potential	High	

Material issue	Impact materiality				Financial materiality				Management & Mitigation measures
	Impact	Negative/Positive	Potential/Actual	Qualification	Impact	Negative/Positive	Potential/Actual	Qualification	
Respect and protection of human rights	Lack of diversification of solar panel suppliers due to the location of raw materials in countries with a high risk of human rights violations.	Negative	Real	High	Encouraging the hiring of local staff and suppliers with minimum social safeguards in terms of respect and protection of HR motivated by the future Due Diligence Directive.	Positive	Potential	Under	<p>Greenergy is aware of the potential risks of Human Rights violations in the supply chain of the solar sector. For this reason, Greenergy takes the commitment to promote, respect and protect Human Rights with critical relevance. In this regard, Greenergy has procedures and policies in place for the correct management of Human Rights, including a Code of Conduct for employees and suppliers, a purchasing policy and procedure with ESG clauses, and a Human Rights policy aligned with the due diligence process in anticipation of the future Human Rights and Environmental Due Diligence Directive.</p> <p>Greenergy is also evaluating its entire supply chain by signing a collaboration agreement with the Aquilles platform for the approval and risk management of suppliers according to ESG criteria. In addition, we are carrying out several physical audits of our main solar panel suppliers where we believe there may be a greater risk of human rights violations.</p> <p>Greenergy carries out numerous Human Rights due diligence processes in the supply chain with independent experts, such as impact assessments in high-risk areas for critical suppliers as well as assessments of potential Human Rights impacts of our operations at project level. One of the objectives for 2024 is to produce an annual HR due diligence report on subcontractors in all countries.</p>
	Shortage of social benefits and attractive work-life balance measures for retaining human capital	Positive	Potential	Medium	High turnover rate due to labour bottlenecks in the sector (high demand and low supply).	Negative	Potential	High	

Material issue	Impact materiality				Financial materiality				Management & Mitigation measures
	Impact	Negative/ Positive	Potential/ Actual	Qualification	Impact	Negative/ Positive	Potential/ Actual	Qualification	
Financial and non-financial risk management systems	Early adaptation to financial and non-financial risks, with consequent cost reductions	Positive	Real	Medium	Increased regulatory requirements for climate risk identification and assessment	Negative	Potential	High	<p>Greenergy has a Risk Management, Control and Internal Audit Policy where each of the risks included in the risk matrix are identified, quantified and managed. Similarly, ESG risks are embedded in the Company's risk matrix (climate change, biodiversity and social risks related to local communities, among others) previously approved by the Board of Directors. Risk control and management is carried out at the corporate level with three levels of defence involving executives, compliance functions and internal audit. The latter is independent of the business, assesses the risk situation and reports regularly to the Board of Directors on these risks.</p> <p>Due to the importance of climate change risks, Greenergy will carry out a comprehensive analysis of short, medium and long-term climate scenarios and their financial quantification in 2024.</p>
	Inadequate management of the risk map adapted to the market and to the different geographies.	Negative	Potential	Under	Reduction of overall costs by anticipating future management and adaptation needs in the face of an inherent risk, e.g. floods, droughts, etc.	Positive	Potential	High	
Economic and financial performance & green financing	Loss of reputation due to non-compliance with ESG commitments that can lead to Greenwashing	Negative	Potential	Under	Regulatory support for the massive installation of renewable energies	Positive	Potential	High	<p>Greenergy's activity, as an independent renewable energy producer, contributes to the economic, social and environmental development of the countries in which it operates, creating shared value through the acceleration of the growth of renewable activities (figures at the end of 2023), geographic diversification (currently in 11 countries), commitment to new technologies, mainly Storage to cover the future problems of solar development projects and, finally, meeting the expectations of our stakeholders.</p> <p>Greenergy reinforces its commitment to the creation of sustainable value through structured sustainable financing of projects. In this sense, 100% of turnover, 76% of OPEX and 95% of CAPEX is related to eligible activities aligned with the Environmental Taxonomy.</p>
	Increased access to finance or interest rate reductions or similar	Positive	Real	Under	Slowdown in the pace of renewables due to rising costs as a result of economic and political instability (supply chain disruption, political uncertainty, inflation and rising interest rates, amongst others).	Negative	Potential	High	

Material issue	Impact materiality				Financial materiality				Management & Mitigation measures
	Impact	Negative/Positive	Potential/Actual	Qualification	Impact	Negative/Positive	Potential/Actual	Qualification	
Sustainable supply chain	Foster empowerment through appropriate training programs and courses for suppliers in order to raise awareness from an environmental, social and good governance point of view.	Positive	Potential	High	Adaptation of suppliers to new ESG requirements as a result of the regulatory pressure	Positive	Potential	High	<p>Greenergy considers the management of its supply chain a critical aspect of its strategy. Therefore, Greenergy has made a commitment to incorporate ethical, social and environmental aspects in its purchasing decisions and, to this end, in 2021 Greenergy approved the Purchasing Policy where it committed to include ESG aspects in its purchasing decisions and/or contracting of goods and services. Furthermore, in 2022, the purchasing procedure was developed, which is supported by an ESG risk assessment process for suppliers. Likewise, the supplier Codes of Conduct with ESG clauses to be signed by suppliers were reviewed. Finally, in order to carry out a complete management of the entire contracting process, an agreement has been signed with Achilles for the approval and risk management of suppliers based on ESG, commercial and compliance criteria.</p> <p>Greenergy will continue to strengthen the management of its value chain in the coming years and, to this end, in 2024 the scope of suppliers included in Aquilles (preferably member plus and silver) will be increased and zero carbon alternatives will be identified and established in all purchasing categories. Finally, in the coming years, the value chain of panels from China will be analyzed and evaluated, and Aquilles and purchasing will be integrated with the ERP.</p>
	Lack of ESG clauses in the procurement procedure prior to contracting suppliers.	Negative	Real	High	Increased legislative requirements in terms of human rights due diligence in the supply chain, leading to the emergence of non-compliance in relation to the contracting of suppliers that violate human rights, affecting reputation and having negative economic impacts.	Negative	Potential	High	