



ESPARITY SOLAR
SUSTAINABILITY POLICY
2023



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1. DOCUMENT CONTROL

DATE FORMULATED	STAFF REVISION	DESCRIPTION OF CHANGES

2. INTRODUCTION

At Esparity Solar (Esparity) we aim to integrate sustainability into the company's strategy through three main guidelines: protection of the **environment and biodiversity (E)**, **social commitment (S)** with all agents involved and the implementation of solid **corporate governance practices (G)**. This is to establish guiding principles for the achievement of the objectives of our **Sustainability Policy**.

This Policy is drawn up within the framework of the United Nations Sustainable Development Goals (SDGs) for 2030 (see Appendix). The set of global goals that make up the 17 SDGs facilitates the integration of sustainability criteria into the company's investment decisions and management policies and constitutes a common language for setting a dialogue focused on driving global economic growth and creating a sustainable and responsible economy.

3. OBJECTIVES OF THE SUSTAINABILITY POLICY

- **Promoting a positive impact**

Combating climate change, protecting the environment and biodiversity are part of Esparity's DNA. Every decision in the project authorisation process is rigorously considered and the environmental department devotes time and effort to developing a comprehensive set of preventive, corrective and compensatory measures ad hoc for each project.

Esparity creates products and services aimed at solving socio-environmental problems by reducing the negative footprint to achieve a significant net positive impact on society and the planet. In addition, the services are designed to prevent and mitigate negative impacts by establishing and reinforcing an ESG data collection system.

- **Strong governance practices**

Esparity has internally a robust system of rules, practices and processes by which the company and its team are managed and controlled.



- **Be a leader in sustainability in the photovoltaic industry**

Esparity aspires to be a benchmark in the clean and renewable energy sector and to play an active part in the energy transition, developing high quality and economically viable solar projects that provide energy independence, generate employment and wealth in the environment in which they are located. Esparity strives for continuous improvement, creating value for its stakeholders, strengthening the company's image with respect to its peers, and quantifying the extent to which its activities are aligned with the achievement of the UN SDG's. Ultimately, this will enable it to meet the needs of current generations without compromising the needs of future generations.

- **Respond to stakeholder needs and expectations**

Stakeholder engagement (both internal and external) helps to make informed decisions and provides the support the company needs for long-term sustainability. This involvement is expressed in the following ways with respect to:

A) INVESTORS: through strengthening relations with our investors; timely presentation of company results (financial, operational and information in the scope of sustainable and responsible ESG investment); active presence in the media describing the company strategy; prominent publication on our corporate website of all communications to investors and the media;
towards INVESTORS: by strengthening relations with our investors; timely presentation of the company's results (financial, operational, ESG and sustainable and responsible investment information); active presence in the media explaining the company's strategy; prominent publication on our corporate website of all communications to investors and the media;

B) EXTERNAL stakeholders: through the rigorous study of Esparity's activity within each project and how this benefits the development of the community and both local and rural economies. In addition, close analysis is made of the compatibility of the project with existing economic activities and the creation of local employment giving special emphasis to groups facing difficulties of labour insertion as well as gender equality;

C) the creation of an **ESG COMMUNICATION PLAN** (sustainable and responsible investment) to serve as a tool for risk management and mitigation;

D) regular publicity of our **MEMBERSHIP IN SECTORAL ASSOCIATIONS** and participation and **FORUMS AND TRAINING ACTIVITIES**.

E) our commitment to **INFORMATION PRIVACY** in compliance with the provisions of Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 concerning the protection of individuals regarding the processing of personal data, the free movement of such data and the Data Protection Act 3/2018 of 5 December.

- **Incorporate the perspective of sustainable and responsible investment (ESG) in the entire scope of the company's business activities**

Esparity stands out from other larger companies in the sector by its ability to adapt to the specific needs of the community where the project is located right from the early stages of the project.



The company respects the environment and expresses its commitment to the local economy always maintaining open dialogue with local and municipal authorities.

Environmental criteria ("E", for environment) include the energy the company uses and the waste it generates, the resources it needs and the consequences for the ecosystem. Social criteria ("S") encompass the company's impact on its community or social environment. These include labour relations and issues such as diversity and inclusion. Companies operate within a broad and diverse society. Governance ("G"), is represented by the internal system of practices, controls and procedures adopted by the company to govern itself, make effective decisions, comply with the law and meet the needs of external stakeholders. Every company needs a governance mechanism.

- **Implement good corporate governance practices**

The key corporate governance best practices proposed include creating and maintaining a competent and diversified board, aligning strategies with objectives, accountability, demonstrating a high level of ethics and integrity, defining roles and responsibilities, and managing risk effectively.

4. 2023 ESG ROADMAP

The following sustainable and responsible ESG investment roadmap for 2023 sets out clear targets for Esparity to achieve its sustainable development ambitions, which are aligned with many of the UN's 17 Sustainable Development Goals (SDGs). Each year, Esparity will strive to intensify its contribution to the SDGs.

ESG 2023 action plan	
Corporate Governance	Continuous progress of the Sustainability Committee
	Corporate Governance Policy
	Internal Code of Conduct (<i>Ethical Code and Regulation</i>)
ESG impact	Carbon footprint (Data collection)
	Socio-environmental action programme
	Human Capital Investment within the Company
	Identification, measurement and management of risks (Criminal Risks Report)
ESG Communication	ESG Communication Plan
	Contribution to SDGs
	ESG Internal report procedure



5. CORPORATE GOVERNANCE

5.1 SUSTAINABILITY COMMITTEE CONTINUED PROGRESS

Since the creation of the **Sustainability Committee** in June 2021, Esparity is committed to continuously develop and improve the actions of the Committee with the mission to promote, monitor and periodically review the compliance of Esparity's strategy and activity with environmental challenges. The Sustainability Committee supervises the present Policy and its implementation plan, through goals and indicators that it will report periodically to the Management Committee. The **Committee** is made up of the heads of each department within the company. Its main objectives are to promote the company's sustainability activities as much as possible, and to provide dialogue and representation before the Board and Esparity's stakeholders. It meets monthly.

Its most important functions are to:

- promote, assess and approve proposals for sustainability objectives, with greater integration of sustainability criteria in the organisation's processes.
- promote, assess and approve proposals for Esparity's participation in initiatives that drive the integration of sustainability factors.
- promote awareness of Esparity's employees with the sole aim to consolidate an organisational culture that integrates sustainability values, ensuring knowledge of and commitment to sustainability initiatives.

5.2 CORPORATE GOVERNANCE POLICIES

Corporate Governance Policies are a compilation of Human Rights, Remuneration, Hiring, Health and Safety policies which serve to create ethical business practices and a culture of integrity within the company. (SDGs 5, 8, 10 and 16).

The establishment of an **Internal Code of Conduct** will serve as a valuable internal guideline and as an external statement of the company's corporate values and commitments. The policy will also make clear how Esparity's mission, values and principles link to the code professional conduct.

5.3 INTERNAL CODE OF CONDUCT

The **Code of Ethics and its Regulations** is part of the company's compliance framework. The Code's content is not simply a declaration of intent, but rather a binding expression of what the company stands for and how it functions. Furthermore, it establishes limits to its conduct thus responding to legal and ethical questions that may arise in the development of its activity.



6. IMPACT ON ESG

6.1 CARBON FOOTPRINT

Esparity has commenced its carbon footprint measurement using Scopes 1 and 2 to generate comparative baselines for energy efficiency measures and emission reduction programmes. The company is also committed to future inclusion of Scope 3 measurement in the carbon footprint measurement calculations. In addition, Esparity plans to achieve and maintain Net Zero in all its activities by 2030. The firm is currently committed to a reforestation and CO2 offset programme in partnership with Tree-Nation. Through this programme, 3,673 trees have been planted, resulting in an offset of 135,650 tonnes of CO2. The next target will be to increase the number of tree species planted worldwide and notably in Spain (SDG 13).

6.2 SOCIO-ENVIRONMENTAL ACTION PROGRAMME

Esparity creates a **socio-environmental action programme** to cover all its projects with the purpose of redistribution of benefits to the surrounding communities. Examples of these benefits are: (i) promoting job growth for both genders while supporting diversity and equality in small towns; (ii) promoting and developing the rights of citizens belonging to the most vulnerable groups through education; and (iii) promoting the importance of caring for the environment and its occupants.

Esparity is making progress in its collaboration with AEMENER (Spanish Association of Energy Women), which promotes the education of women in the engineering sector (SDGs 8 and 5).

6.3 INVESTMENT IN HUMAN CAPITAL IN THE FIRM

6.3.1 TRAINING IN SUSTAINABILITY

Esparity is looking at implementing a **sustainability training** programme for managers and executives, so that sustainability becomes fully embedded in the company's DNA in every decision made. Employee training and development programmes in sustainability also contribute to talent retention, as employees feel more valued by the company through its willingness to invest in employee development.

6.3.2 WORK ENVIRONMENT

Board members and managers will be responsible for a wide range of people-related issues, including protecting the financial, physical, social and moral integrity of employees. Of equal importance is the protection of the financial, physical, social and emotional well-being of employees; the promotion of diversity, equity and inclusion; and ensuring that competencies are aligned with the organisation's objectives.



Esparity plans to develop a company-wide “Happiness Programme” for its employees and currently offers incentives to employees. The company will continuously evaluate the care received by its staff. This high level of employee support will also be maintained.

6.4 RISK IDENTIFICATION, QUANTIFICATION AND MANAGEMENT

Project managers (PM) and their teams invest all the time necessary to effectively manage risks, not only in the early stages of project planning, but during all phases of the project. Esparity has an internal risk management process for its employees (e.g., the code of conduct) and will shortly publish its **criminal risk report**.

7. ESG COMMUNICATION

7.1 ESG COMMUNICATION PLAN

The **ESG communication plan** will enable stakeholders to understand why Esparity invests in environmental, social and governance performance and where it plans to make progress. The quarterly ESG communication plan is to include internal measurements and a summary of metrics and indicators before the report is published.

The **plan** will also be the sum of all sustainability-related messages that are disseminated through performance reports, half-yearly reviews, press releases, social media posts, blogs and other media. External stakeholders will also be informed about the company's ESG policies and practices.

7.1.1 CORPORATE TRANSPARENCY STRATEGY

Above all, the company's aim is to provide a high level of transparency through the information communicated so that it can take responsibility for its actions. In this way, the company is committed to establishing a **climate of trust** with stakeholders so that they can make decisions in their own interest.

Corporate transparency will be the company's philosophy and such a leadership style is to permeate globally. It will therefore require an ongoing commitment to openness, communication and authenticity.



7.2 CONTRIBUTION TO SDGS

The firm's contribution to the SDGs will be published annually in the **Communication on Progress (COP)** of the United Nations Global Compact, to which the firm is a signatory. (SDG 12)

7.3 INTERNAL PROCEDURE OF SDG REPORTS

This sustainability protocol intends to act as a specific assessment of the company's current sustainable workplace practices and its adherence to the SDGs. By recognising its current environmental impact, the company will establish initiatives to implement and promote improved sustainable measures.

In addition, the company will design an internal procedure for how information and reporting will be generated. It will also find out which indicators will be used and which delegates will be responsible for collecting this information. (SDG 16)

8. POLICY REVIEW

This policy will be reviewed every two years. The main objective of this review will be to tailor the policy to new circumstances that both the company and the environment may be experiencing. This will ensure that the policy maintains its purpose of guiding the company's strategy in response to the demands of stakeholders. The changes will be approved by the Management Committee.

9. APPROVAL OF POLICY BY THE MANAGEMENT COMMITTEE

In its duty of supervision, the Management Committee of Esparity Solar S.L.U. signs and approves this Policy and assumes responsibility for anything derived thereof.

The Policy is signed and approved on 3rd February 2023.

Author of this Policy: The Sustainability Committee



APPENDIX



SUSTAINABLE DEVELOPMENT GOALS



The 17 Sustainable Development Goals created by the United Nations

1. End poverty in all its forms throughout the world.
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive, equitable and quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, secure, sustainable, modern and affordable energy for all.
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
10. Reduce inequality within and between countries.
11. Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Ensure sustainable patterns of consumption and production.
13. Take urgent action to combat climate change and its impacts (taking note of the agreements reached in the forum of the United Nations Framework Convention on Climate Change).
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15. Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, facilitate access to justice for all and build effective, accountable and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development.



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