

ESG Report

Alantra Solar

2023



ALANTRA

Foreword



Javier Mellado

Alantra Solar Managing Partner

Alantra Solar is sustainable by nature – as it is an investment platform focused on the promotion of renewable energy (i.e. solar panels). In this sense, the Entity provides investors with exposure to a rapidly growing industry with strong potential for long-term returns as global energy needs shift towards renewables. From an environmental perspective, the Entity directly contributes to the fight against climate change, promoting the transition towards clean energy models.

Peer Ingo Piske

Alantra Solar Managing Partner



Alantra Solar commitment to sustainability and care for the planet is self-explanatory. As a result, this report seeks to illustrate how environmental, social and governance (ESG) criteria are considered throughout our investment process from a management perspective, define the baseline for future improvements and provide detailed data on our non-financial performance on an annual basis. It is truly an exercise of transparency and accountability with our stakeholders, particularly investors.



Carmelo Medrano

Alantra Solar Managing Partner

The market is shifting towards the use of renewable energy sources, with solar and wind power leading the transition. Consequently, investment in green energy is necessary for the future of our economy and is becoming more and more profitable, as new and more efficient technologies (e.g. batteries and energy storage) keep gaining momentum. By acknowledging this situation, Alantra Solar has found a unique opportunity to contribute to the decarbonization targets of governments and countries, while obtaining extraordinary financial results.

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1. Executive summary



2023 at a glance



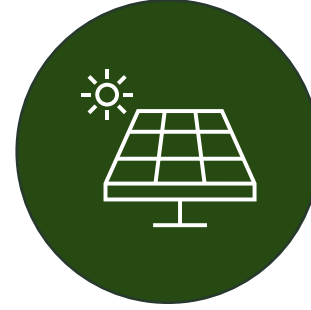
Launching of two new Article 9 funds

Alantra Solar has launched two financial products that invest in the production of renewable energy (i.e. climate change mitigation) and therefore, are classified as Article 9 under the EU Sustainable Finance Disclosure Regulation (SFDR).



Clear governance & monitoring of ESG issues

The Entity counts with policies, procedures and a clear governance structure that ensures that environment, social and governance (ESG) matters are adequately integrated and measured throughout Alantra Solar investment process.



Outstanding financial and non-financial performance

Since its inception, Alantra Solar has contributed to the development of 45 projects related to solar energy production. In 2023, the Entity has contributed to the generation of 7,975 MWh of renewable energy, avoiding as much as 718 tCO₂ greenhouse gas emissions.



Elaboration of first ESG Report

Alantra Solar is committed to its investors. As a result, the Entity will report on its non-financial performance at least on an annual basis. In this regard, this document represents the Entity's first ESG report and illustrates the Entity's efforts and outcomes from the 2023 exercise.

2. About this report



Transparency at the core of our business

The present document marks Alantra Desarrollo Solar, S.L. (from now on, “Alantra Solar” or “the Entity”) first environmental, social and governance (ESG) report.

The purpose of the report is to describe how ESG aspects are managed by Alantra Solar from a governance perspective, how these factors are considered and integrated into the Entity’s investment process and how the most relevant sustainability Key Performance Indicators (KPIs) have performed during the 2023 exercise. As it will be illustrated, the Entity considers the principal adverse impacts of its investment products, acting in accordance with the highest standards proposed by the EU Sustainable Finance Disclosure Regulation (SFDR).

The report and the indicators included refer to the 2023 exercise (January – December) and cover the Entity’s own operations and all its investment strategies: Alantra Desarrollo Solar, SCR, S.A.; Alantra N-Sun, FCRE; Alantra March Solenergy, FCRE, S.A.



3. About us



Alantra Solar: Sustainable by nature

Alantra Solar invests in solar infrastructure opportunities in Europe with a clear focus on subsidy-free opportunities. As a result, the Entity allows investors to be part and benefit from the economic and industrial revolution we are living: the transition to a low-carbon energy model.

The first Fund raised by the Entity in 2021 is:

Alantra Desarrollo Solar,
SCR, S.A.

Venture capital firm focused on investing in assets during the development phase. Acquisition of temporary stakes through investments in equity and/or debt in non-financial non-listed companies.

Since its inception, Alantra Solar –through the Alantra Desarrollo Solar, SCR Fund– has made two investments which amount to a total of €15.05M and has contributed to the installation of 1,553 MW of solar energy.

Investment A



Investment year: Q3 2021



Project: €3.8M invested in the acquisition of 5 different SPVs¹ (50% stake) focused on solar energy production, through *NewCo* (100% owned society)



Installed capacity: 229.7 MWp



Divestment year (estimated): Q1 2024

Investment B



Investment period: Q4 2021 – Q1 2022



Project: €11.25M investment in more than 40 SPVs¹ focused on solar energy generation, through a 49% stake in Alantra Solar Investments, S.L.



Installed capacity: 1,323.6 MWp



Divestment year (estimated): Q4 2022 – Q4 2025

By the end of the 2023 exercise, Alantra Solar has raised two new investment products:

Alantra N-Sun, FCRE

Alantra March Solenergy,
FCRE, S.A.

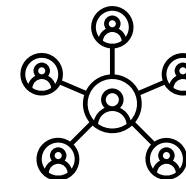
European Venture Capital Funds with an investment objective of generating value for its investors through the acquisition of temporary stakes in portfolio companies and promoting, directly or indirectly, their acquisition, development, financing, construction and management of photovoltaic plants – initially located in Spain and Italy. Both Funds are classified as Article 9 under the SFDR. More information can be found on the [website](#).

4. Responsible investment



Implementing robust governance practices

Alantra Solar counts with a dedicated ESG team which monitors the progress of the Fund towards its sustainable investment objective, measures its overall ESG performance, elaborates action plans and leads the implementation of ESG measures throughout the Fund and portfolio assets. The team is currently led by a Managing Partner, and it is formed by a Technical Director, a Financial Director and two staff members who provide support, together with external ESG advisors.



As part of Alantra Group, the Entity is adhered to the Group's corporate policies, including:

- Alantra Group's ESG Policy
- Alantra Group Code of Ethics
- Whistleblowing Policy
- Anti-Money Laundering Manual
- Corporate Social Responsibility Policy
- Tax Policy

Please refer to Alantra website for further information on [Alantra corporate policies](#).

Likewise, as part of Alantra Asset Management, Alantra Solar is a signatory to the world's leading proponent of responsible investment, the United Nations Principles for Responsible Investment (UN PRI). *Signatory of:*

Please refer to [Alantra Asset Management Responsible Investment Policy](#) for further information.



On this line, Alantra Solar Responsible Investment Policy is also built among the six UN PRI principles and therefore, the Fund commits to:

- 1 Incorporate ESG issues into investment analysis and decision-making
- 2 Be an active owner of the assets under management, implementing ESG measures to improve performance
- 3 Seek appropriate disclosures on ESG issues
- 4 Promote the UN PRI through our investment activity
- 5 Work together with other investors in implementing the UN PRI
- 6 Report on activities and progress towards implementing the principles

ESG is fully integrated in our investment cycle

Despite being a sustainable Fund by nature, Alantra Solar considers Environmental, social and governance (ESG) criteria in different ways throughout the investment process.

Negative screening

All investments are directed to solar PV plants which are EU taxonomy-aligned and considered sustainable investments according to the Sustainable Finance Disclosure Regulation (SFDR)

Due Diligence

ESG due diligence report carried out by an external ESG advisor in which actual and potential adverse impacts are assessed and sustainability risks and/or opportunities are identified.

Negotiation and closing

If a material ESG risk is detected in the due diligence phase, the relevant mitigating actions are developed and defined. The Fund integrates these measures in the negotiation process, discussing their implementation with the management teams.

Management and monitoring

Once the investment decision has been made, the ESG risks and opportunities identified are included in the action plans for the relevant asset. Besides monitoring the initiatives defined, the Fund measures the ongoing ESG performance of the asset (see next slide for the KPIs defined) and includes this information in its periodic reporting.

Divestment and exit

At the exit stage, Alantra Solar evaluates the ESG performance and progress of the asset during the investment period; and carries out an ESG assessment of the potential buyers based on documentation that is publicly available and/or they are willing to share.

Monitoring & improving our investments ESG performance

As illustrated in the previous slide, performance on sustainability indicators as well as the actual and potential adverse impacts of the investments are assessed and monitored across the whole investment process.

The Fund measures the progress towards its sustainable investment objective by monitoring the following Key Performance Indicators (KPIs):



Renewable energy capacity enabled by the solar PV assets



Renewable energy generated by the solar PV assets



Estimated GHG emissions avoided

Alantra Solar considers the principal adverse impacts indicators (PAI) defined in the Regulatory Technical Standards (RTS) under SFDR:



14 PAI included on Table 1 of Annex I



Additional climate and environment-related indicator “13. Non-recycled waste ratio”, Table 2 of Annex I



Additional indicator for social and employee matters “2. Rate of accidents”, Table 3 of Annex I

In addition to the indicators included above, other minimum reporting requirements for the assets are:

Protecting the environment

- Progress towards achievement of the defined environmental objectives
- Environmental incidents and accidents
- Training in environmental management system conducted

Safeguarding health and safety

- Occupational health and safety complaints
- Health and safety KPIs including work-related incidents, injuries and ill health, and working hours
- Health and safety training conducted
- Emergency Response Exercises

Responsible governance

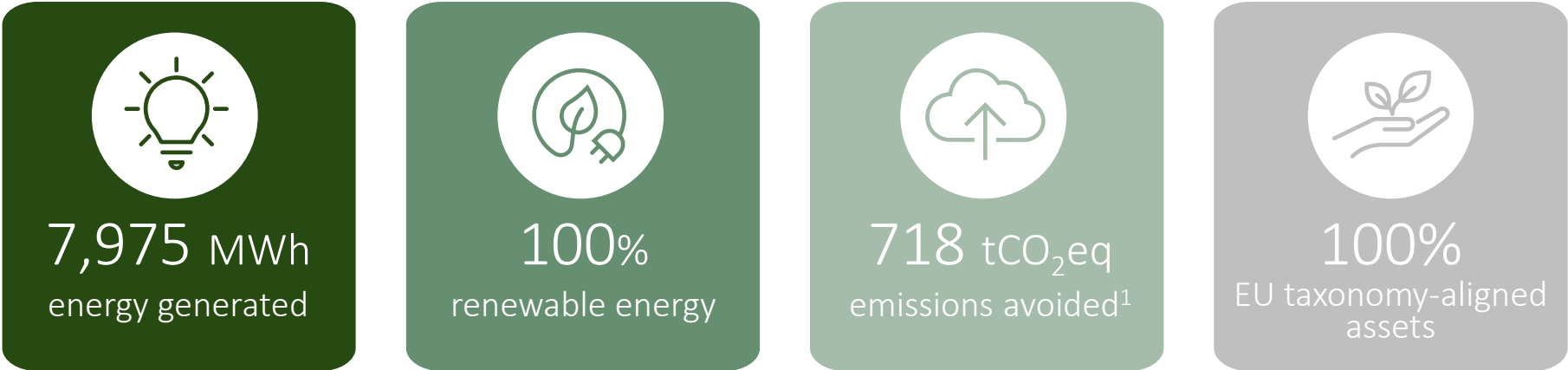
- The extent to which legal requirements and other requirements are fulfilled
- Incidents related to corruption and bribery, or other material governance risks such as conflict of interest

5. Promoting sustainability through our Funds

Our contribution towards a low-carbon market

At 31st December 2023, Alantra Solar has c. €90 million Assets under Management– all of which contribute to the Entity’s sustainable investment objective: tackling climate change by investing in the production of renewable energy (i.e. photovoltaic energy solar plants).

The Project in which the Fund has invested started operating in September and during the 2023 exercise has already contributed to:



It is important to highlight that at 31/12/2023, both Article 9 funds – Alantra N-Sun, FCRE and Alantra March Solenergy, FCR, S.A.– have not been invested. As a result, there is no ESG performance associated to these Funds and the 2023 principal adverse impacts indicators do not apply. The non-financial information related to these Funds, as well as the PAI, will be included in Alantra Solar 2024 ESG Report.

Private and Confidential ¹Greenhouse gas emission factor obtained from Redeia at 31/12/2023 (<https://www.ree.es/es/datos/generacion/no-renovables-detalle-emisiones-CO2>)

Other initiatives related to sustainability

Preventive and corrective measures

- Operation of all facilities following the environmental impact report guidelines.
- Monitoring of avifauna in the plant's surroundings.
- Sampling within the facility and creation of watering areas for amphibians.
- Lack of herbicides for vegetation control, vegetation controlled by sheep or machinery.
- Planting of grasslands to recover natural vegetation.
- Correct management of topsoil for reuse in restoration works.
- Installation of lighting systems to prevent birds from nesting in the structures.



Compensatory measures

- Placement of two nest boxes for lesser kestrels and one nest box per 10 ha for common kestrels.
- Construction of nesting slopes for bee-eaters.
- Placement of one reptile shelter per 10 ha, consisting of accumulations of stones and branches.
- Soil and grassland maintenance and vegetation restoration during construction phase.
- Restoration of disturbed areas, particularly in ditches or slopes.
- Installation of exclusion fencing at an adequate distance to protect specific areas.



