



Substitution of fossil fuel for the use of sustainable biofuels manufactured by Green Fuel Extremadura S.A.

Validation Report

Summary

The purpose of the project is to determine de baseline, monitor, quantify and report the emissions of the Green Fuel Extremadura S.A. activity, specifically designed to reduce GHG emissions. The purpose of the validation report is to have an independent third party assess the PDD. The scope of the validation is defined as an independent and objective review of the PDD.



Certificadora Gallega del Noroeste S.L.
gerencia@ceganor.com

Title of Project	Substitution of fossil fuel for the use of sustainable biofuels manufactured by Green Fuel Extremadura S.A.
ID of Project	ICR0004
Statement by the Project Proponent	Green Fuel Extremadura S.A. states it is responsible for preparing and presenting the Project Design Document (PDD) and all accompanying documentation provided for under validation.

Title of Report	Validation Report of Green Fuel Extremadura S.A. 2020
ID of Report	HC2021/1011-01
Client	Green Fuel Extremadura S.A.
Date of Project Design Document	September 1, 2021
Version of Project Design Document	1
Date of Validation	September 21, 2021
Version Number of the Report	1
Date of Version	September 1, 2021
Prepared by	Certificadora Gallega del Noroeste S.L.
Contact	María Ángeles Vázquez Moreno; Administration Manager; Ctra. Nacional 630, P.K. 675,7, C.P. 06230, Los Santos de Maimona, Badajoz; +34 678 587 825/+34 924 969 066; admon.extremadura@greenfuel.es
Approved by	Óscar Patiño García – Internal Reviewer
Validation Team	Jaime Rodrigo Poch - Lead Auditor Rodrigo Otero Muñoz - Auditor
Summary	• The purpose of the project is to determine de baseline, monitor, quantify and report the emissions of the Green Fuel Extremadura S.A. activity, specifically designed to reduce GHG emissions. • The purpose of the validation report is to have an independent third party assess the PDD. The scope of the validation is defined as an independent and objective review of the PDD. • The methods and criteria considered for the validation are detailed in part 3.1 Methods and Criteria • 2 corrective actions and one clarification were requested. All 3 were responded by the company and they were accepted by the audit team. • No uncertainties
Validation Statement	Certificadora Gallega del Noroeste S.L. states that Certificadora Gallega del Noroeste S.L. is responsible for the opinion based on the validation of the project.

	Certificadora Gallega del Noroeste S.L. has performed a validation of the Project's approach, as outlined in the PDD, as part of the ICR validation process. The validation was performed on the basis of ICR requirements, the ISO 14064-3 standard, and the approved CDM methodology ACM0017: Large-scale consolidated methodology for the production of biofuel.
Validator's Signature	

1. General

1.1 Objective

The validation process must be carried out to evaluate the reasonableness of the assumptions, limitations, and methods that support a statement about the outcome of future activities. This validation report includes the summarizing of the findings and results of the validation process.

Validation involves determining the project methodology and its eligibility to generate GHG Emissions Mitigations outcomes. Validation shall be conducted according to ISO 14064-3 and ISO 14065.

The Validation and Verification Body (VVB) is the competent and impartial entity responsible for performing and reporting on a validation and/or verification, respectively. For validation to be completed, the PDD must conform to all requirements of ISO 14064-2, ICR Requirement Document, and the applied methodology, which for this case is the ACM0017 version 3.1 of the Clean Development Mechanism (CDM).

The purpose of a validation is to have an independent third party assess the PDD. In particular, the project's baseline, monitoring plan, and its compliance with ICR requirements are validated. This is to ensure that the PDD, as documented, is sound and reasonable and meets the identified criteria. Validation objectives also include an assessment of the likelihood that the Project will achieve the emission reductions estimated by the proponent. Validation is a requirement for all ICR projects and is seen as necessary to provide assurance to stakeholders of the quality of the Project and its intended generation of emission reductions.

1.2 Scope and Criteria

The VVB must agree with the client the scope of validation at the beginning of the validation process. The scope must include at a minimum the following:

- a) boundaries
- b) physical infrastructure, activities, technologies and processes
- c) GHG SSR
- d) GHG types
- e) periods of activity and crediting.

For the GHG emissions declaration that contain emission reductions or removal increases, the scope must also include:

- any side effects as findings (if there are any detected)

- baselines
- baseline scenarios.

The validation scope is defined as an independent and objective review of the PDD. The PDD was reviewed against the following criteria:

- CDM approved methodology: ACM0017 *"Large-scale consolidated methodology for production of biofuel"* version 3.1
- ICR Requirement Document
- ISO 14064-2.

The Audit Team employed a risk-based approach, focusing on the identification of significant risks for project implementation and the generation of emissions reductions.

The VVB agrees with the client the criteria, taking into account the principles and requirements of the CDM methodology applied, the ICR requirements, and the ISO 14064-2. The VVB must evaluate the suitability of the criteria proposed by the client, considering:

- a) the method for determining the scope and boundaries of the project activity
- b) GHG SSR subject to monitoring during the project activity
- c) quantification methods
- d) requirements for disclosure of public information.

The criteria must be relevant, complete, reliable and understandable.

1.3 Level of Assurance

Certificadora Gallega del Noroeste S.L. and Green Fuel Extremadura S.A. have agreed that a reasonable level of assurance be applied for the project. The evidence-gathering plan shall be sufficient so the VVB can provide a reasonable level of assurance. Such level of assurance is established considering the needs of the intended user. The assurance level establishes the nature, extent and speed of activities to collect evidence.

2. Project

2.1 Description of the Project

The title of this project is "Substitution of fossil fuels for the use of sustainable biofuels manufactured by Green Fuel Extremadura, S.A.". Its purpose and objectives are to determine the baselines and monitor, quantify and report the emissions of the Green Fuel Extremadura S.A. project, specifically designed to reduce GHG emissions.

Green Fuel Extremadura S.A. is strategically located in Los Santos de Maimona (Badajoz), Extremadura. This privileged location allows easy access to the main distribution and collection centers of the finished product and raw material, such as the southern ports of the Iberian Peninsula, such as the ports of Seville (130 km), Cádiz (250 km), Huelva (210 km) and Lisbon (290 km). In addition to this, the plant is at a central point in relation to the largest collectors of raw material at the local level and in Portugal. The plant also has access to a railway line in which the loading and unloading of the finished product (biodiesel) and raw materials (used oils) are carried out. It has a transport company that works directly for the collection of used oils, and transport of products (biodiesel) and co-products (glycerin).

The main activity of Green Fuel Extremadura S.A. is the manufacturing and marketing of liquid biofuels. These products are used for mixing with mineral and fuel products in diffuse sectors, mainly in transport. Due to this, the activity of Green Fuel Extremadura S.A. is implying a substitution of a fuel of fossil origin, for one of renewable and sustainable origin. This activity has, among other things, a reduction in GHG emissions associated with its operation.

2.2 Projected Emissions Mitigations

Displacement of more GHG-intensive fossil fuels for combustion in vehicles, by substituting diesel for sustainable biodiesel in the diffuse transport sector. Green Fuel Extremadura S.A. will produce an amount of biodiesel under the ISCC EU scheme recognized for compliance with Directive 2009/28/EC of the European Parliament and of the Council of April 23, 2009 on the promotion of the use of energy from renewable sources and which modifies and repeals Directives 2001/77/CE and 2003/30/CE (RED I), Directive (EU) 2018/2001 of the European Parliament and of the Council of December 11, 2018 on the promotion of the use of energy from renewable sources (RED II), and a National Scheme for the same purpose: NIS (*"National Italian Scheme"*). This biodiesel will be blended and consumed instead of fossil fuel (diesel) with higher GHG emissions.

Year	Estimated baseline emissions or removals (tCO ₂ e)	Estimated project mitigations (tCO ₂ e)	Estimated leakage (tCO ₂ e)	Estimated net GHG emission mitigations (tCO ₂ e)
2020	110.347,37	81.790,79	-	81.790,79
2021	117.063,02	88.506,45	-	88.506,45
2022 and onwards	123.778,68	95.222,10	-	95.222,10
Total (up to 2022)	351.189,07	265.519,34	-	265.519,34

3. Validation

3.1 Methods and Criteria

The following validation process was used:

- 1) Conflict of interest review
- 2) Selection of Audit Team
- 3) Initial interaction with Green Fuel Extremadura S.A.
- 4) Development of the Validation Plan
- 5) Desktop review of the project design and the baseline and monitoring methodology and other relevant project documentation
- 6) Site visit
- 7) Follow-up interaction with Green Fuel Extremadura S.A. and site personnel for supplemental information as needed
- 8) Report development and issuance of final validation opinion.

The validation process was utilized to evaluate whether the project's approach, as outlined in the PDD, is consistent with the ICR requirements and the ACM0017 methodology. A validation conformance checklist was developed for the project which summarizes the criteria used to evaluate the project, the project's conformance with each criterion, and the Audit Team's validation findings.

1) Conflict of interests review

Prior to beginning any validation project, Certificadora Gallega del Noroeste S.L. conducts an evaluation to identify any potential conflicts of interest associated with the project. No potential conflicts were found for this project.

2) Selection of Audit Team

Certificadora Gallega del Noroeste's Audit Team consisted of the following individuals who were selected based on their validation experience, as well as familiarity with the activity of the project:

- Jaime Rodrigo Poch – Lead Auditor
- Rodrigo Otero Muñoz – Auditor
- Óscar Patiño García – Internal Reviewer

3) Initial interaction with Green Fuel Extremadura S.A.

The validation process was initiated with a kick-off conference call on September 10th 2021 between Certificadora Gallega del Noroeste S.L. and the primary Green Fuel Extremadura S.A. contacts, Jaime Rodrigo Poch and María Ángeles Vázquez Moreno. The communication focused on confirming the validation scope, objectives, criteria, schedule, and the information required for the validation.

4) Development of the Validation Plan

Based on the information discussed during the kick-off conference call, the team formally documented its Validation Plan and provided the Validation Plan to Green Fuel Extremadura S.A.

5) Desktop review of the project design and the baseline and monitoring methodology and other relevant project documentation

Green Fuel Extremadura S.A. gave full access to all necessary information solicited by the Audit Team for its revision. No inconsistencies were found.

6) Site visit

Jaime Rodrigo Poch performed a visit to Green Fuel Extremadura S.A. processing unit in Los Santos de Maimona (Badajoz), Extremadura. The focus of the site visit was to interview relevant personnel, review the project's operations, data collection procedures, and information management systems; as well as assess the project's control for sources of potential errors and omissions.

7) Follow-up interaction with Green Fuel Extremadura S.A. and site personnel for supplemental information as needed

The Audit Team requested 2 corrective actions and 1 clarification, all responded and accepted by the audit team.

8) Report development and issuance of final validation opinion

Validation reporting, represented by this report for Green Fuel Extremadura S.A., documents the validation process and identifies its findings and results.

3.2 Review of Documented Information

Certificadora Gallega del Noroeste S.L. conducted the validation using the ICR Requirement Document and the ACM0017 methodology from the CDM as the criteria. Additionality, eligibility requirements, baseline scenario(s), project emissions, monitoring plan, and other pertinent criteria were assessed to evaluate the Project's approach as outlined in the PDD against ICR and the CDM methodology referenced above. Discrepancies between the PDD and the validation criteria were considered findings and identified for corrective action. Any deviations from the validation criteria required appropriate justification.

3.3 Validation Team

Full Name	Role or Responsibility	Type of activity performed
Jaime Rodrigo Poch	Lead Auditor	Main Validator
Rodrigo Otero Muñoz	Auditor	Validator
Óscar Patiño García	Internal Reviewer	Review of documentation

3.4 Interviews

Through the course of validation activities, Certificadora Gallega del Noroeste S.L. interviewed the following Green Fuel Extremadura S.A. personnel to inform the validation assessment:

- María Ángeles Vázquez Moreno as administration manager and sustainability system manager.

Additionally, the following personnel also provided information in addition to the project description and other supporting documents:

- Noelia Montilla as part of the administration and sustainability team.
- Raúl Ayllón as plant manager.
- Juan Carlos Benavides Rueda as manager.

3.5 Inspection

As described above, site inspections were performed on September 21st 2021 and September 22nd 2021. The objective of the on-site inspection performed was to review if the PDD information shows no discrepancies with the project activity itself. The following activity locations were visited:

- Processing Unit in Ctra. Nacional 630, P.K. 675,7, C.P. 06230, Los Santos de Maimona, Badajoz for the activity of fabrication of biodiesel and documentation review.

4. Findings

4.1 Process

As described above, the Audit Team requested clarification and supplemental information as well as corrective actions during the validation. The corrective action requests and the responses provided are summarized in the table below.

During the audit, several NC were found:

Corrective Action Request	Summary of Participant Response	Validation Conclusion
1. The FF is not correctly calculated: The company is not using the FF properly. Instead of applying the FF and the LHV of the raw material, they are transforming the incoming GHG emissions dividing it by the LHV of the biodiesel. Even though this calculation make no technical sense (the dimensional analysis and the logic under it is not consistent), numerically the difference is not really significant: - Correct calculation: incoming emissions "1 / 37,0987" - Incorrect calculation: incoming emissions "1 / 37,2" The FF must be correctly calculated.	FF is modified in order to comply with the requirements. Savings estimations were also modified	Response is acceptable.
2. Wastewater is not correctly accounted for. The company was using 0 mt of wastewater assuming all water was evaporating completely	Wastewater was introduced in the calculations	Response is acceptable.

Clarification Request	Summary of Participant Response	Validation Conclusion
1. The batches information template is not appropriate for the complexity of the company. They have all the information requested, but they use several excel files, in which each one has different information. It is very difficult to trace a batch of material. A modification of the template is recommended, in which the process for each batch can be follow.	A modification is going to take place in order to be more clear for future audits	Response is acceptable.

4.2 Methodology Title and Reference

The approved CDM methodology applied to the project activity is ACM0017 – “*Large-scale consolidated methodology for production of biofuels*”, version 3.1.

Also, the following tools had to be taken into consideration:

- Tool for the demonstration and assessment of additionality
- Tool to calculate project or leakage CO2 emissions from fossil fuel combustion
- Project and leakage emissions from transportation of freight
- Upstream leakage emissions associated with fossil fuel use
- Apportioning emissions from production processes between main product and co and by-product
- Methodological tool: Common practice

4.3 Deviations from Applied Methodology

The methodology is modified in the following points:

- More SSR are quantified for the baseline and the project.
This is due to the ISCC certification and European regulations. They are taking into account more emissions than the CDM methodology, so it would be counterproductive to exclude this SSR. Also, the parameters that are described as leakage in the methodology, are taken into consideration as SSR for the baseline.
- Naming of the data/parameters and variables.
As Green Fuel Extremadura S.A. is following the RED I and RED II methodology with its own naming, it makes no sense to change it. All new naming is described in the documentation.
- Leakage.
There will be no estimation of leakage, because when the project activity is compared with the baseline scenario defined, the parameters that the ACM0017 calculates as “leakage” are already taken into consideration in the calculation. This is due to the extensive detail of the calculation considered and defined in the PDD.

These deviations from the methodology meet the criteria and specifications for permitted methodology deviations, making these modifications only applicable for this project. Also, the deviations positively impact the conservativeness of the quantification of GHG emission mitigations.

4.4 Applicability of Methodology

The project activity complies with the applicability requirements of ACM0017:

Applicability Conditions in the Methodology	Proposed Project Activity
The ACM0017 is applicable to project activities that reduce emissions through the production of blended biofuels to be used in existing stationary installations and/or in vehicles.	Since Green Fuel Extremadura S.A. produces biofuels for such use, it complies with this requirement.

The biofuel is produced from one or a combination of the following feedstocks: (a) Waste oil/fat (b) Seeds or crops that are cultivated in dedicated plantations (c) Biomass residues (e.g. agricultural residues, wood residues, organic wastes).	Since Green Fuel Extremadura S.A. uses waste oil/fat as a feedstock, it complies with this requirement.
In order to avoid double counting of emission reductions, the methodology ensures that the ICCs can only be issued to the producer of the biofuel. The project proponent shall demonstrate that double counting of emission reductions will not occur e.g. via a contractual agreement with the end-user(s), feedstock producer or other stakeholder involved in the supply chain.	Green Fuel Extremadura S.A. has presented a declaration of where each of its produced batches of biofuels is destined and in which country will such batch be consumed. According to the legal requirements of each of those consumers countries, double counting of emission reductions is avoided. Also, since the ICCs will be issued to Green Fuel Extremadura S.A., it complies with this requirement.
If the biofuel in the project plant is only partly produced from the following sources: - Waste oil/fat - Seeds or crops that are cultivated in dedicated plantations - Biomass residues (e.g. agricultural residues, wood residues, organic wastes) Any volumes of biofuel that are also produced in the project plant but from other feedstock sources, are not included in the quantity of biofuel for which emission reductions are claimed.	Since Green Fuel Extremadura S.A. only uses waste oil/fat for its production, it complies with this requirement.
The alcohol used for esterification is methanol from fossil origin. Volumes of biodiesel produced with alcohols other than methanol (for example, ethanol) are not included in the quantity of biodiesel for which emissions reductions are claimed.	Since Green Fuel Extremadura S.A. only uses methanol from fossil origin, it complies with this requirement.
The fossil fuels, the biofuels and the blended biofuels comply with national regulations (if existent) or with suitable international standards.	Since Green Fuel Extremadura S.A. complies with all national regulations and also with the ISO 14214 standard, it complies with this requirement.
The project activity involves construction and operation of a biofuel production plant.	Since Green Fuel Extremadura S.A. operates the biofuel production plant, it complies with this requirement.
Any by-product (e.g. glycerol) is not disposed of or left to decay. It should be either incinerated or used as raw material for industrial consumption or sold.	Since Green Fuel Extremadura S.A. sells the glycerol as a by-product, it complies with this requirement.
If biomass or biofuel is used at the project plant(s) (processing, production or blending plant) as fuel (e.g. for heat or electricity generation), then at least 95% of the biomass or biofuels used in these plants should be either biomass residues from the	Since Green Fuel Extremadura S.A. does not use its own production of biofuel in the process, it complies with this requirement.

dedicated plantations established under the project activity or biofuel generated in the project plant. The amount of biofuel used should not be included in the quantity of biofuel for which emission reductions are claimed.	
The (blended) biofuel is used by consumers within the host country in existing stationary installations (e. g. captive generators) and/or in vehicles.	Green Fuel Extremadura S.A. produces biofuels that are consumed in other countries apart from the host country itself. However, a legal requirement study is carried out to evaluate the situation of each country in order to amend this deviation and is considered to be sufficient to comply with this requirement.
In case of vehicles, the target consumer group (e.g. captive fleet of vehicles, gas stations, bulk consumers) and distribution system of the biofuel shall be identified and described in the PDD.	Given that the whole supply chain and distribution system is well identified and described in such document, it complies with this requirement.
Only biofuel consumed in excess of mandatory regulations is eligible for the purpose of the project activity	Since the baseline scenario defined in the PDD sets the same standard as the legal requirements for such consumption, the project activity itself describes the excess consumption of biofuel, complying with this requirement.

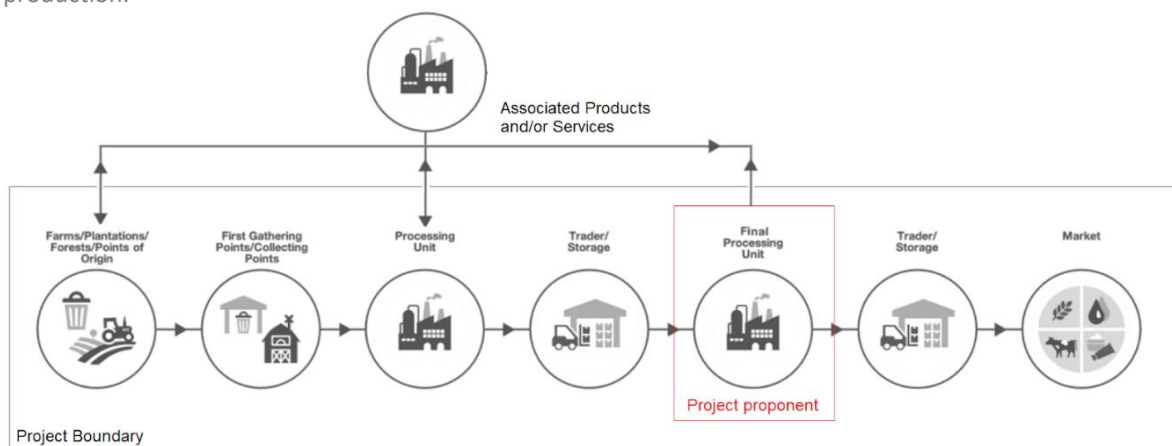
Certificadora Gallega del Noroeste confirms the applicability of ACM0017 to the Green Fuel Extremadura S.A. project activity during the validation process.

4.5 Boundary

Although the proponent of the project is Green Fuel Extremadura S.A., the manufacturing and supply chain includes different entities until the finished product is consumed. For this reason, it is of great importance to define correctly and clearly the boundaries of the project.

The group of companies that participate in the production and commercialization of liquid biofuels are similar regardless of the final product (biodiesel, bioethanol, HVO, etc.). Although the chemical processes to which they are treated are different, from the point of view of the traceability of the material, the type of entity that performs them is similar: a processing plant. On the other hand, the main difference between the actors who carry out actions on the material is found in the origin of the raw materials: farms and plantations or waste / residues generators. The most complex operation is represented below in order to define all the actors involved in its

production.



To validate such boundaries, Certificadora Gallega del Noroeste S.L. conducted an in-site visit and analysis of the operation of the processing unit with the intention of evaluating whether such defined boundaries coincide with the reality of the full supply chain described above. Also, the following documentation was assessed with such objective in mind:

- ISCC certificate
- NIS certificate
- Sustainability declarations in which it is described that waste/residues were used as raw material for the incoming product.
- Activity of the plant (Biodiesel plant)
- Activity permit
- Environmental license
- ISCC certificates from the suppliers
- Trader's report indicating the countries of biofuel use

This defined project boundaries are consistent with the ACM0017.

The following GHG SSR were defined in the PDD:

Sources, Sinks or Reservoirs (SSR)	Classification	Controlled, related or affected
Final vehicles consuming fossil fuel	Source	Affected
Biomass cultivation in a dedicated plantation	Source	Related
Production and management of the residues of fertilisers, pesticides and other chemical products in the crop	Source	Affected
Raw material transportation	Source	Related
On-site energy consumption at the biofuel production plant	Source	Controlled
On-site energy consumption at raw material production plant(s)	Source	Related
Production and management of waste chemical acids and bases, process water, lubricants, catalysts and other chemicals in the biofuel production plant and the raw material production plant(s)	Source	Affected
Combustion of fossil fuel derived methanol in biodiesel ester	Source	Controlled
Anaerobic treatment of wastewater in the production of raw materials	Source	Related
Waste treatment in biofuel production plant	Source	Controlled
Waste treatment at the raw material production plant(s)	Source	Related

Transport of biofuel to the mixing facility	Source	Related
Transport of mixed fuel to the service station and energy consumption at the service station	Source	Related
Improved agricultural management / best practices leading to increased soil carbon	Reservoir	Related
Carbon sequestration of CO ₂ whose carbon originates from biomass and is used to replace fossil-derived CO ₂ used in commercial products and services	Reservoir	Affected
Capture and sequestration of CO ₂ emitted directly related to the extraction, transport, processing and distribution of fuel under the authority of the economic operator in the supply chain	Sink	Related
Capture and sequestration of directly emitted CO ₂ related to the extraction, transport, processing and distribution of fuel under the authority of an external operator	Sink	Affected
Land use change	Source or sink	Related

After the in-site inspection carried out, Certificadora Gallega del Noroeste S.L. agrees with the SSR defined for the project activity, according with the AM0017.

4.6 Baseline Scenario

The baseline scenario is defined in accordance with the ACM0017 methodology and is identified using the CDM tool: TOOL01 - *Tool for the demonstration and assessment of additionality*, Version 7.0.0 (Methodological Tool).

The legal requirement of energy saving required for a biodiesel production facility prior to October of 2015 (50%) will be taken as a baseline for those items that have been consumed during each of the annual periods.

The baseline scenario will be separately identified among all realistic and credible alternatives for the following items:

- Fuel production (P):** What would have happened at the production level in the absence of the project activity?
In the absence of the project activity, at the production level, the production quota would be assumed by a similar processing unit. This processing unit is considered to comply with the legal requirements of the product.
- Consumption (C):** What fuel would have been consumed in the absence of the project activity?
In the absence of the project, the most likely reference scenario among all the realistic and credible alternatives would be the consumption of a blended biofuel due to a legal requirement, that is, a saving of 50%.
- Material (M):** What would have happened to the material used as input for biofuel production in the absence of the project activity?
In the absence of the project activity, the material used as input for biofuel production would be used for the same purpose in a different processing unit.

A more detailed description of the process is described to probe the additionality of the project's activity.

The identified baseline scenario is well justified according to the methodology applied. Certificadora Gallega del Noroeste S.L. approves of the outcome baseline scenario according to the methodological tool utilized.

4.7 Additionality

Project proponents must demonstrate the additionality of the project following the approved methodology applied, if mandated by the methodology, and requires that GHG emissions be mitigated below those that would occur in the absence of the project.

Since the approved methodology used, ACM0017, requires to demonstrate additionality through a 6-step procedure, the methodological tool "TOOL01: Tool for the demonstration and assessment of additionality" was followed.

- Step 0: Demonstration of whether the proposed project is the first of its kind

This step is optional, and is usually used for project proposals with new characteristics, whether they refer to your activity or the technologies used. If used, this step refers to the methodological tool "TOOL23: Additionality of first-of-its-kind project activities". For the particular case of this project, its characteristics do not meet the requirements of said methodological tool, which is why it cannot be considered the first of its kind. To demonstrate its additionality, it is necessary to proceed to step 1.

- Step 1: Identification of alternatives to the project activity consistent with current laws and regulations

The objective of this step is to be able to define alternative scenarios to the project activity that are realistic and credible. For this purpose, first those alternative scenarios that provide the same services and/or products as the proposed project will be defined, and then those that are not consistent with the mandatory laws and regulations will be discarded. From this step the following alternatives are defined:

1. Same biodiesel production due to the activity of a production plant that uses virgin oils as raw material (first generation biofuels).
2. Same biodiesel production due to the activity of a production plant that uses the same raw material (UCO) with the minimum mitigations of GHG emissions required by mandatory laws and regulations (50%).

- Step 2: Investment analysis

This step allows to determine if the proposed activity is not the most economically or financially attractive; or economically or financially feasible, without the proceeds from the sale of certified emission reductions (CERs). Due to the characteristics and activity of the proposed project, it is necessary to resort to a comparative analysis of investment costs. Through it, it will be possible to conclude that the proposed activity is not the most economically or financially attractive.

1. Comparison with alternative scenario 1: Given that the cost of UCO (and other waste input materials) in the market far exceeds the costs of virgin oils used in the production of biodiesel, it is clear to result in a higher cost \$ / GJ for the activity of the project proposed as a result of this difference in the cost of the raw material. Added to the cost of the raw material, the final value of \$ / GJ is simultaneously affected by the availability of the raw material, the production of virgin oils being more abundant than the availability of waste / residues for input in the market.
2. Comparison with scenario 2: Given the additional cost associated with the mitigation of GHG emissions that are carried out above what is required by law, it is clear to result in a higher cost \$ / GJ for the proposed project activity as a result of these mitigations.

Given these considerations, it is determined that the proposed project activity is not the most attractive from an economic or financial point of view. With the positive result of this step, it is a sufficient condition to advance to step 4.

- Step 3: Barrier Analysis

This step is used to define barriers that may arise to the implementation of the proposed project activity. It mainly focuses on barriers of the following types:

- Investment barriers
- Technological barriers
- Institutional barriers, or other types.

Since it is not necessary to analyze each step of this methodological tool (TOOL01), and as the result of step 2 was positive to advance in the flowchart, the analysis of step 3 is avoided and it is advanced to step 4.

- Step 4: Analysis of "Common Practices"

The above generic additionality tests will be complemented by an analysis of the extent to which the proposed project type (e.g. technology or practice) has already spread to the relevant sector and region. This test is a credibility check to complement the investment analysis (Step 2) or the barrier analysis (Step 3).

Following the methodological tool "TOOL24: Common practice", the result is that the activity of the proposed project is estimated as "common practice", and therefore, the project could not be considered as additional.

This result is due to the approach that the ACM0017 methodology gives to the analysis of projects, since this approach was designed to evaluate the competitiveness of new technology projects and their degree of insertion in underdeveloped regions. This is not the application scenario of the proposed project, since it is developed in Europe, and the technologies are largely developed in the area.

Given the complementary nature of this step, and exposed all the information requested to demonstrate the additionality of this project, the ACM0017 methodology will be modified in this step to comply with the additionality justification requested by ICR.

4.8 Quantification of GHG Mitigations

Emission reductions are quantified in accordance with the procedures prescribed in the PDD. The equations are correctly identified and the calculation of GHG emission reductions is presented in a transparent manner, incorporating all relevant GHG sources, sinks, and reservoirs.

Baseline and project emissions primarily consist of CO₂ emissions from fuel combustion. The calculation methodology described in the PD consist of a summary regarding the ISCC EU scheme and its complete and detailed methods of calculating GHG emissions associated to the project activity and its supply chain. This calculation methodology is in accordance with the ACM0017 when considered for the baseline scenario as well as the project activity. When comparing this situations, the leakage estimations considered for the ACM0017 are already accounted for, so they should not be calculated separately.

There are no leakage emissions considered under the described procedure of the PDD, therefore, total GHG emission reductions are quantified as the difference between baseline and project emissions.

Certificadora Gallega del Noroeste S.L. reviewed ex-ante emission reduction calculations for the project activity to assess the quantification of GHG emission reductions. Calculations were performed in accordance with ACM0017 and provide an accurate estimate of GHG emission reductions associated with the project activity.

4.9 Monitoring Plan

The monitoring plan specified for the Green Fuel Extremadura S.A. validation includes all relevant data and parameters required to obtain a reliable result of generated emissions reductions and meets the requirements of ACM0017.

The PDD describes the data acquisition itineraries and data processing procedures for the project activity in order to quantify emissions. The robustness of Green Fuel Extremadura S.A. data management and tools was

assessed during site visits and determined to be adequate. Equipment and systems used to collect and report operational and performance data were considered adequate, adding credibility to the ability and reliability to gather data for GHG quantification.

The PDD includes a complete description of the frequency, responsibility, and procedures for recording, monitoring, measurement, and reporting activities. The monitoring plan ensures the adequate measurement of emissions occurring from GHG SSR through the installation of appropriate metering equipment. The monitoring plan also identifies appropriate procedures for quality assurance and quality control of project data.

Green Fuel Extremadura S.A. is responsible for the administration and maintenance of the central information system for the project.

4.10 Local Stakeholder Consultation

As a communication action, an open communication channel is established with the stakeholders identified permanently throughout the life of the project. Said identified stakeholders include, but are not limited to: shareholders, local authorities (city council), regional authorities (Junta de Extremadura) and state authorities (MITECO).

4.11 Public Comments

No public comments were submitted during the public comment period.

5. Validation Opinion

Certificadora Gallega del Noroeste S.L. has performed a validation of the Project's approach, as outlined in the PDD, as part of the ICR validation process. The validation was performed on the basis of ICR requirements, the ISO 14064-3 standard, and the approved CDM methodology ACM0017: Large-scale consolidated methodology for the production of biofuel.

The review of the PDD and the satisfaction of corrective action and clarification requests have provided Certificadora Gallega del Noroeste S.L. with sufficient evidence to determine the fulfilment of stated criteria.

The Project correctly applies the approved CDM baseline and monitoring methodology, ACM0017, as well as relevant CDM tools referenced therein, also taking into consideration the mentioned deviations from the methodology. By replacing fossil fuel consumption with biofuels, the project activity results in reductions of GHG emissions that are real, measurable, and give long-term benefits to the mitigation of climate change. An analysis of the additionality test demonstrates that the proposed project activity is not a likely baseline scenario. Emission reductions attributable to the Project are hence additional to any that would occur in the absence of the Project.

The total emission reductions from the Project are estimated to be 932.074 metric tonnes of CO₂ eq over the selected 10-year crediting period. The emission reduction forecast has been checked, and it is deemed likely that the stated amount will be realized given that the underlying assumptions do not change.

In summary, it is Certificadora Gallega del Noroeste's opinion that the Green Fuel Extremadura S.A. Project, as described in the PDD of September 1st, 2021, meets all relevant ICR requirements and correctly applies the approved CDM methodology ACM0017.

Our responsibility is to express an opinion on the forecast based on our validation. We perform our validation in accordance with the ISO specification with guidance for the validation of GHG claims, that is, ISO 14064-3. This International Standard requires that we meet ethical requirements and plan and perform validation to reach a conclusion as to whether the forecast for the GHG assertion is based on reasonable assumptions.

The validation of the Project is based on the information made available to us and the engagement conditions detailed in this report. Certificadora Gallega del Noroeste S.L. cannot guarantee the accuracy or correctness of this information. Hence, Certificadora Gallega del Noroeste S.L. cannot be held liable by any party for decisions made or not made based on this report or opinion.