NEXUS GREEN ENERGY

WE DELIVER RESULTS ON A GLOBAL SCALE

15 YEARS
in environmental commodity markets

OVER $3 BILLION
in tons of carbon credits traded.

1 BILLION
in tons of carbon credits traded

+6,000 CLIENTS
on five continents

5 CONTINENTS
covered by carbon offset projects

1 BILLION
in tons of carbon credits traded

+$2 BILLION
in global turnover

1 BILLION
in renewable energy projects over the next 5 years

+10 MILLION
transactions closed

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COMMERCIAL PRESENTATION MANAGEMENT AND SUPPLY OF EMISSION ALLOWANCES FOR THE COAL AND HEAVY-EXTRACTIVE INDUSTRY SECTOR

1. PRESENTATION OF NEXUS GREEN ENERGY

1.1 Who we are: origin, partners, and specialization

NEXUS GREEN ENERGY, S.L. arises as a Spanish commercial company specialized in carbon markets and decarbonization solutions, incorporated under Law 3/2009 on structural modifications, with registered office in Madrid and fully paid-in capital. Our shareholding combines the experience of **Nexus Energy Group**, a national firm with a track record in emission-allowance management, and **Aither Group AG**, a Swiss operator and European leader in climate trading. This alliance enables us to operate with financial solvency, operational agility, and deep regulatory expertise, ensuring our clients comprehensive coverage against the monitoring, reporting, and verification (MRV) obligations imposed by **Regulation (EU) 2018/2066 and the amended Directive 2003/87/EC.**

1.2 Fusion of capabilities: Nexus Energy Group & Aither Group AG

The corporate integration formalized on 24 June 2025 –registered with the Madrid Commercial Registry– constitutes a **Joint Venture** that combines:

- **Direct access to primary EUAA/EUA** auctions through the ICE Endex platform and the channels designated by the **EU Auctioning Regulation**.
- **Liquidity in the secondary OTC market** thanks to the Aither Group AG trading desk, with presence in Luxembourg and Basel.
- **Price-risk hedging** through climate derivatives (futures, forwards, and options listed on EEX).
- **Expert legal and tax** advisory under **Law 11/2018** (non-financial information) and the new **Energy Savings Certificates (CAE**) system regulated by **Royal Decree 36/2024**.

This fusion of capabilities is reflected in a **managed portfolio exceeding 25 $MtCO_2e$** and in the provision of services to more than 60 installations subject to the EU ETS.

1.2.1 Operational capacity and economic credentials

- Total EUAs managed in 2024: **25 $MtCO_2e$**
- Economic value transacted 2024: **€1.9 billion**
- Average spread over purchase price: **0.9 %**
- Active industrial clients: **67**
- CAGR 2021-2024: **+18 % in volume** and **+22 % in revenue**

1.3 Climate mission and European positioning

We define ourselves as **facilitators of a just energy transition** in carbon-intensive sectors. Our mission is to:

- **Optimizing our clients'** regulatory costs through early acquisition strategies and multi-year coverage of EUAs.
- **Ensuring strict compliance** with MRV obligations, avoiding penalties under Article 16 of the ETS Directive.
- **Boosting industrial competitiveness** by integrating market instruments (EUAs, CBAM, CAEs, VCUs) into financial planning.
- **At the institutional level,** we participate in regulatory developments by responding to public consultations from the European Commission, maintaining dialogue with **DG Climate Action**, and collaborating with industry associations—including **Eurelectric** and **Eurofer**—to represent the interests of heavy industry.

1.4 Strategic sectors we serve

We provide advisory and emission-allowance supply services to installations classified under the **ANNEX I** headings of the ETS Directive, focusing on:

- **Coal-fired thermal power plants** (≥ 20 MWth), including cogeneration units.
- **Coke ovens and smelting furnaces** in ferrous and non-ferrous metal production.
- **Integrated steelworks and sintering plants** regulated under NACE codes 24.10-24.20.
- **Open-pit and underground coal mines,** particularly in managing fugitive methane (CH_4) emissions under **Regulation (EU) 2024/561** on methane.

We also serve auxiliary installations —such as slag-treatment plants, ash-handling systems, and loading ports— which, though potentially outside direct ETS scope, impact corporate carbon footprint and voluntary-reporting requirements (GHG Protocol, ISO 14064-1).

1.5 Our vision for the coal and metallurgy industry

Aware that deep decarbonization is both a technical and economic challenge, we propose a phased approach:

a) **Robust regulatory compliance:** acquire and surrender EUAs 2024-2030 to avoid sanctions and maintain operating license.
b) **Financial optimization:** exploit market windows to lock in prices or use hedging instruments that shield the profit-and-loss account from carbon volatility.
c) **Transition roadmap:** assess capture technologies, biomass co-combustion, and green-steel (H-DRI) production, combined with carbon-removal credits (CDR) to meet 2050 neutrality goals under the European Climate Neutrality Regulation (Law 2021/1119).

Our goal is to accompany coal and metallurgy companies at every stage of the **regulatory cycle,** turning the cost of carbon into a **competitive advantage** through strategic planning, innovation, and access to global climate markets.

2. REGULATORY CONTEXT AND ENVIRONMENTAL OBLIGATIONS

2.1 The EU ETS

Pillars of the European Emissions Trading System

The **European Union Emissions Trading System (EU ETS)** is the core instrument of EU climate policy since its adoption through **Directive 2003/87/EC,** operating under the **"cap-and-trade"** principle. The system imposes a maximum cap on total greenhouse-gas (GHG) emissions authorized for regulated sectors, establishing the **legal obligation** to acquire and surrender allowances (EUAs) equivalent to verified emission volumes. Since entering into force in 2005, the EU ETS has evolved into the world's largest regulated carbon market, covering over 40 % of total EU emissions. It ensures binding **legal coverage and relies** on a harmonized institutional infrastructure: centralized auctions, national registries, financial regulation of EUAs as financial instruments, and supervision by **DG CLIMA** and national regulators.

2.2 Sectoral scope

Installations covered by the ETS

Annex I of Directive 2003/87/EC **defines the subjective scope,** encompassing industrial installations with high GHG-emission potential, with explicit technical thresholds. Within the energy and heavy-industrial sector, it includes:

- **Generation of electrical or thermal energy** with nominal thermal input ≥ 20 MWth.
- **Production and processing of ferrous and non-ferrous metals.**
- **Manufacture of cement, lime, glass, and ceramic products.**
- **Extraction and refining of solid minerals, including coal.**
- **Capture, transport, and geological storage of CO_2.**

These installations must not only surrender EUAs annually but also hold a GHG-emission **permit requiring registration** in the National Registry and approval of a Monitoring Plan under Regulation (EU) 2018/2066.

2.3 Directive 2003/87/EC and its updates (EU ETS Phase IV, ETS2)

Phase IV (2021-2030) of the EU ETS was **strengthened by the Fit for 55** package, introducing major amendments through **Directive (EU) 2023/959**, in force since May 2023. Key changes include:

- **Faster cap reduction** (linear reduction factor 4.3 % annually 2024-2027, 4.4 % from 2028).
- **Revised criteria for free EUA allocation** for sectors at carbon-leakage risk.
- **Reinforcement of the Market Stability Reserve (MSR).**
- **Introduction of ETS2** (new scheme for road transport and buildings, effective 2027).

In addition, stronger **financial and accounting control applies,** as EUAs are assets regulated by the European Securities and Markets Authority (ESMA), affecting contractual operations and corporate financial reporting.

2.4 Specific obligations for coal and metallurgy installations

2.4.1 Coal-fired thermal power plants

Thermal plants using coal as main fuel must record and report CO_2 emissions from **stationary fossil-fuel combustion**. Beyond MRV obligations, they must comply with **emission-limit values under the LCP BREF (Large Combustion Plants BREF).** They face progressive withdrawal of free allocations and reputational risk linked to sustainable-finance exclusion (green-taxonomy ineligibility).

2.4.2 Coke ovens, smelting furnaces, and cement plants

Such installations are subject to specific technical criteria, both in production volume and operating temperature, and must declare direct CO_2 emissions from reduction, smelting, or chemical-transformation processes. Furnaces operating above 1,000 °C are required to integrate **energy-efficiency plans** and report **process-dependent** emissions not linked to direct energy use.

2.4.3 Integrated steelworks and iron factories

Covered by NACE codes 24.10 and 24.20, these installations have high-emission profiles and multiple sources: blast furnaces, converters, sintering, electric furnaces. They must **apply level 3 or 4 methodologies** for monitoring under Articles 25-27 of Regulation 2018/2066. They are also included in free-allocation benchmarks with carbon-intensity references per tonne produced.

2.4.4 Coal mines: fugitive emissions, methane, machinery

Under **Regulation (EU) 2024/561 on methane-emission** reduction, reporting obligations extend to **fugitive CH_4** emissions in mining operations. Also included are indirect emissions from diesel use in heavy machinery and on-site mineral treatment. Incorporation of these sources into the ETS is foreseen before 2027.

2.5 Monitoring, Reporting and Verification (MRV)

Companies subject to the EU ETS must implement a rigorous **Monitoring, Reporting, and Verification (MRV)** system in accordance with Regulation (EU) 2018/2066. Obligations include:

- **Monitoring plan** approved by the competent authority.
- **Continuous monitoring** of emissions by fuel, raw material, or process stream.
- **Annual submission of emission report verified** by an accredited entity.
- **Mandatory use of the ETS Data Exchange (EDE) electronic format.**
- Record-keeping for at least 10 years under Article 66.

The report's accuracy is a prerequisite for **acceptance of EUA delivery**; without it, the operator is in legal non-compliance.

2.6 Penalties for non-compliance, carbon prices, and hidden costs

Non-compliance with ETS obligations entails automatic and severe penalties:

- **Administrative fine of €100 per tonne CO_2 not surrendered** (indexed to inflation, Art. 16.3 Directive).
- **Additional obligation to surrender missing allowances.**
- Possible **operational restrictions or withdrawal of the Integrated Environmental Permit.**
- Adverse impact on ESG rating, bank-finance access, and institutional-stakeholder relations.

Moreover, carbon-price volatility (ranging from €5/t in 2017 to > €100/t in 2023) creates **hidden financial risks** that must be managed through hedging contracts and proactive strategies.

2.7 CBAM: impacts if exporting outside the EU

The **Carbon Border Adjustment Mechanism (CBAM)**, adopted via Regulation (EU) 2023/956, imposes reporting of embedded emissions in products exported outside the ETS area. This mechanism:

- Affects **cement, iron, steel, aluminium, fertilizers, hydrogen, and electricity.**
- Requires **quarterly emission declarations by exporters and manufacturers.**

- Enters its financial-compliance phase in **2026**, progressively replacing free allocations.

For affected installations, Nexus Green Energy offers assistance in CBAM calculation, documentation, and certification, as well as legal coverage against double charges or bilateral exemptions.

3. ECONOMIC AND REPUTATIONAL IMPACTS

3.1 Increasing regulatory pressure and phase-out of free allocations

EU **ETS Phase IV** (2021-2030) introduces a **Linear Reduction Factor (LRF) of 4.3 % per year until 2027 and 4.4 % from 2028, so** the overall cap will fall 62 % by 2030 vs 2005. In parallel, Directive (EU) 2023/959 conditions free-EUA allocation on energy-efficiency-system implementation and technical audits. For coal plants, furnaces, and steelworks:

- **2026-2030 → progressive 2.5 % annual benchmark reduction.**
- **2030-2034 → complete phase-out** of free allocation for **CBAM**-covered products.
- **Post-2034 → free EUAs only if CO_2 capture or fossil-fuel substitution is demonstrated.**

This structural reduction exposes operators to rising costs and the need to **pre-finance their positions** to avoid being uncovered.

3.2 EUA-market volatility: historical prices and projections

EUA prices under the EU ETS have shown record volatility:

Date	Min €/t	Max €/t	Comment
Jan 2018	5 €	8 €	Creation of MSR
Feb 2023	105 €	105 €	Historic peak
Jan 2024	58 €	80 €	Drop due to lower industrial demand
13 Jun 2025	75.9 €	76.3 €	Upward trend (50-DMA > 200-DMA) (tradingeconomics.com)

The **six-month average (Dec-24 → May-25) published by the Commission** is **70.56 €/t** (climate.ec.europa.eu), while ICE Dec-25 futures trade around 76 €/t (ice.com). Analysts project an **80–100 €/t range for 2026–2028** given cap tightening and ETS-2 launch (carbontrading.substack.com).

This price bandwidth necessitates:

- **Multi-year hedging** via forwards/option strips.
- **Adaptive marginal-cost** models revised quarterly.

3.3 Legal, financial, and reputational risks of non-compliance

The **automatic sanction** for infringement of Art. 16 of the Directive is **€100 + inflation per tonne not surrendered**, plus the obligation to submit the missing EUAs. This entails:

- **Direct impact on EBITDA** (1 Mt CO_2 omitted = ≥ €100 million fine).
- **ESG-rating deterioration**, possible exclusion from green financing and project-finance sustainability clauses.
- **Environmental-criminal liability** in certain Member States (e.g. Spanish Criminal Code Art. 325 after Organic Law 14/2022).
- **Civil actions for "greenwashing**" if the company issued misleading market statements.

Any of these risks materializing directly impacts the profit and loss statement and **reputation-risk premium,** raising insurance and capital costs.

3.4 Incentives and penalties under the Just Transition Mechanism

The **Just Transition Mechanism (Regulation 2020/852 and Fund 2021-2027)** provides:

- **Non-repayable grants** (up to 50 % CAPEX) for energy-conversion and carbon-capture projects in coal regions.
- **Soft loans from the European Investment Bank (EIB)** with spreads ≤ 60 bps.
- **Penalties:** exclusion from aid if the installation increases fossil-fuel capacity or delays closure plans.

To access funds, operators must submit a **Territorial Transition Plan** validated by the Commission and prove contribution to national climate objectives (Law 2021/1119). Nexus Green Energy ensures **legal alignment** of investments with the Green Taxonomy, maximizing incentives and minimizing penalties.

3.5 Integration of carbon cost into industrial strategy

Adopting a **Carbon Cost Integration Framework** allows turning regulatory compliance into competitive advantage:

a) **Internal carbon price:** apply a shadow cost ≥ €80/t CO_2 in investment analyses (NPV, IRR).
b) **Structural hedging:** fix price for 70-80 % of needs over 3-5 years, leave the remainder open to exploit market troughs.
c) **Operational optimization:** schedule maintenance shutdowns at price peaks to reduce coal consumption.
d) **Portfolio diversification:** allocate part of the budget to removal credits (BECCS, DACCS) and in-house renewables, improving ESG profile and mitigating EUA supply risks.

e) **Transparency and reporting:** link carbon cost to financial KPIs (carbon-adjusted operating margin, EUA-coverage index),

With this strategic integration, the company can **stay ahead of regulatory forces**, shield its competitiveness, and turn carbon management into a **long-term reputational and financial asset.**

Note: Cement plant example (300 ktCO_2/year):

- Hedging strategy reduces total cost by **- 12% → $1.9 million/year.**
- Tax deductibility increases accounting savings by **+25%** compared to gross expenditure.

4. SERVICES OFFERED BY NEXUS GREEN ENERGY

4.1 Sale of verified emission allowances (EUAs)

- **Primary access:** direct participation in the common EU auctions (ICE Endex/EEX) in accordance with Regulation (EU) 1031/2010, guaranteeing traceability and absence of carbon laundering risk.
- **Secondary OTC market:** structuring of “spot” and “forward” sale and purchase contracts under **ISDA® EUA Confirmations**, with optional clearing in ECC to minimize counterparty risk.
- **Custody and transfer:** registration of the allowances in the **National Emission Allowance Registry** (RCO2) and issuance of delivery receipts that certify perfect ownership vis-à-vis third parties and the Administration.

4.2 Purchase and annual delivery of EUAs for compliance

- **Needs planning:** ex-ante calculation of the emission balance according to the approved Monitoring Plan (Art. 12-18 of Regulation 2018/2066).
- **Scheduled execution:** staggered acquisitions (quarters T-1 and T-0) to optimize the weighted average price, with bank guarantees or margin calls managed by NGE.
- **“In-registry” delivery:** irrevocable transfer of EUAs to the operator’s account before April 30 of each year; issuance of a digitally **signed compliance certificate.**

4.3 Price hedging and multiannual strategy

- **Climate derivatives:** design of portfolios of futures, option strips, and swap forwards listed on EEX/ICE; validation of compliance with **EMIR** Regulation (Regulation 648/2012) and hedge accounting policy (under IFRS 9).
- **Budget cap and carbon “collar”:** setting a ceiling and floor price over 3-5 years to smooth volatility and stabilize EBITDA.
- **Risk indicators:** carbon VaR, greeks, and stress tests implemented in a quarterly panel for the company’s risk committee.

4.4 Comprehensive documentation management and support before verifiers

- **MRV compilation:** collection of data on fuels, emission factors, laboratory analyses, and mass balances in ETS EDE/XML format.
- **Third-party audit:** coordination with the accredited entity ENAC/ISO 14065; legal response to findings and methodological inconsistencies.
- **Record retention:** electronic archive with qualified signature for 10 years (Art. 66 of Regulation 2018/2066) to ensure evidentiary traceability during inspections.

4.5 Design of combined strategies with offset projects (VCUs)

- **Project selection:** legal and technical due diligence of **VCS-Verra, Gold Standard, ART TREES** credits and Art. 6.2 Paris Agreement units, prioritizing additionality and absence of double counting.
- **Hybrid structures:** optimized mix of EUAs + VCUs for voluntary Net Zero objectives, with long-term (ERPA) contracts ensuring fixed price and future supply.
- **Claiming co-benefits:** certification of social impacts (SDG Impact Tool) to reinforce the ESG narrative and mitigate reputational “greenwashing” risk.

Hybrid structures

Strategy	Cost reduction €/tCO_2	ROI 3 years	Comment
EUA + forest VCU	-7.5	22-27 %	ESG co-benefits
EUA + CAE 2025	-4.2	18-21 %	2-year tax deferral
Full mix	-9.8	28-35 %	Maximum Taxonomy eligibility

4.6 Assistance in drafting and validation of the Monitoring Plan

- **Comprehensive drafting:** determination of data flows, emission sources, and Level 3-4 methodologies, in compliance with Annexes I-II of Regulation 2018/2066.
- **Processing before the competent authority:** electronic submission and defense of arguments until favorable resolution; annual update via Minor/Significant Modifications.
- **Internal training:** certified training for the plant’s GHG Compliance Officer, with delivery of operational manual and inspection checklist.

4.7 Fiscal and accounting optimization of carbon cost

- **Accounting treatment:** recognition of EUAs as an intangible asset measured at fair value (IAS 38 + IFRIC 21) or as inventory under IAS 2, according to the selected policy.
- **Tax planning:** full deductibility of emission allowance expenses (Art. 14.1 a) TRLIS) and deferral of latent capital gains via forward cover; analysis of VAT/IGIC in cross-border transactions.
- **Transfer-pricing report:** justification of intra-group EUA transactions in accordance with OECD BEPS 13 and Law 27/2014 on Corporate Income Tax.

4.8 Integration with ESG reports and sustainability statements

- **CSRD & ESRS:** alignment of emission metrics (Scope 1-3) with EU ETS projects, ensuring consistency between non-financial statements and MRV inventories.
- **Green Taxonomy:** verification of eligibility and alignment (CapEx/OpEx KPIs) under Regulation 2020/852, strengthening access to sustainable financing.
- **Transparent communication:** preparation of auditable Sustainability Factsheets and support in submissions to ESG rating agencies and green bond-placing investors.

Thus, **Nexus Green Energy** offers a **turnkey service** combining legal soundness, operational efficiency, and strategic vision, guaranteeing carbon-intensive industries regulatory compliance, financial optimization, and a leading reputational position in the climate transition.

5. CONTRACTING MODEL AND GUARANTEES

5.1 Personalized framework agreement per installation or industrial group

- **Legal nature:** sale and supply contract of emission allowances (EUAs) with obligations to perform and deliver documented, regulated by the Spanish **Commercial Code, Directive 2003/87/EC,** and, where applicable, MiFID II/EMIR regulations if EUAs are structured as derivatives.
- **Modular structure:**
  - **General Conditions** (CGC) identical for the group, with "most-favoured customer" clauses.
  - **Technical Annexes per installation** (Schedule A-n) defining volumes, benchmarks, and liability limits.
- **Definitions and taxonomy:** explicit references to EUA, EUAA, VCU, Monitoring Plan, operator account, and "Competent Authority" per Member State.
- **Applicable law and jurisdiction:** Spanish law with submission to institutional arbitration (Madrid Court of Arbitration) to expedite technical-dispute resolution.

5.2 Supply schedule according to ETS calendar

- **Contractual milestones:**
  a) **Preliminary forecast** before 30 November of Y-1.
  b) **Locking 70 % of the volume** between 1 January and 31 March of Y.
  c) **Final balance and "in-registry"** delivery no later than 25 April of Y+1 (five business days before the regulatory deadline of 30 April).
- **Staggered payments:** initial margin (10 % of estimated value) upon signature; quarterly settlements linked to ICE Dec-Y futures curve; **final adjustment** based on verified emissions.

5.3 Delivery-guarantee clauses and penalty for delay

- **"Back-to-back" delivery guarantee:** NGE's obligation to replace missing EUAs on the spot/OTC market, assuming the price difference ("cover cost") plus an **additional 5 %** penalty on that amount.
- **Bond or bank guarantee:** required from the buyer up to 25 % of the annual value to cover default risk.
- **Limited force majeure:** only Registry Failure events or auction suspensions recognized by **DG CLIMA**; expressly excluding price volatility and internal strikes.

5.4 Options for early or structured supply

- **Pre-Delivery:** contractual option to receive up to 50 % of next year's EUAs at a fixed price, including bridge financing.
- **Structured Tranches:** monthly or weekly schedule for installations with irregular base load; possibility of "evergreen" contracts with automatic renewal unless terminated in writing.
- **Repos and carbon lending:** EUA lending facilities with cash or equivalent collateral, allowing intra-annual liquidity.

5.5 Integration with financial audit and asset traceability

- **Individualized accounting record:** each EUA batch identified with its Union Registry Transaction ID and linked to an accounting entry under IAS 38 or IFRS 9.
- **Big-4 audit:** inclusion of carbon position papers in the audit report; reconciliation between accounting inventory and Registry balance.
- **Digital traceability:** optional tokenization of EUAs on a permissioned blockchain network to ensure immutability and facilitate real-time reconciliation.

5.6 Compliance certification before the competent authority

- **Responsible declaration by NGE** confirming full EUA delivery, electronically signed and accompanied by official Registry extract.
- **Inspection assistance:** legal representation before Ministry or Autonomous Community, preparation of evidence dossiers and defense of claims.
- **Errors & Omissions (E&O) insurance:** NGE policy up to €25 million covering inaccuracies in emission calculations or delivery failures.

5.7 Direct communication with technical and legal manager

- **Single Point of Contact (SPOC):** appointment of a Carbon Compliance Manager with notarial power, available 24/7 during the delivery window.
- **Quarterly joint committee:** virtual sessions with the client's Production, Finance, and Legal directors to monitor position, risks, and optimization opportunities.
- **Incident channel:** secure platform (ISO 27001) to report MRV deviations, urgent inquiries, and requests for additional hedges, with response times < 8 working hours.

Conclusion: this contractual model, with solid guarantees and a detailed operational framework, enables industrial operators to **fulfill their ETS obligation with legal certainty, effective risk mitigation, and full financial-accounting integration**, while simultaneously reinforcing their ESG narrative before investors and regulators.

6. COMPETITIVE ADVANTAGES OF NEXUS GREEN ENERGY

6.1 Independent, specialized, and solvent provider

Nexus Green Energy operates with autonomous legal personality, independent of energy groups or financial institutions, **ensuring neutrality, operational impartiality, and exclusive alignment with the industrial client's interests.**

Our corporate structure is backed by consolidated equity and absence of structural financial leverage, allowing multiannual contractual commitments with **audited financial capacity.**
Furthermore, as a company 100 % dedicated to ETS, VCUs, and CBAM compliance, we bring regulatory, operational, and **sectoral hyperspecialization rarely achievable** by a generalist consultancy.

6.2 Access to primary market (auctions) and secondary market (OTC trading)

NGE acts as **a registered intermediary on the ICE Endex platform** (EU primary auctions, per Regulation 1031/2010), allowing direct acquisition of emission allowances at market price and with full traceability.
In parallel, we trade daily in the **pan-European OTC** market through the **Aither Group AG** network, with over 50 active counterparties, offering competitive spreads and customized structures (strips, collars, options).
This dual channel enables us to optimize the final client price, distribute delivery risks, and adapt purchases to each company's annual exposure profile.

6.3 Market intelligence and strategic price coverage

Our climate desk maintains an **internal technical and fundamental analysis service** monitoring the following variables:

- Weekly auction flows and Market Stability Reserve (MSR) behavior.
- Speculative positioning in EEX/ICE, Commitment of Traders (COT) reports.
- Cross-analysis with energy variables (gas/coal spread, EUA/CBAM prices, implied volatility).
- Prospective European regulation (ETS2, free-allocation phase-out, CBAM revision).

This allows us to offer clients **ex-ante coverage recommendations**, establish a **reference budget carbon price**, and structure **multiannual hedges** tailored to their financial policy and compliance needs.

6.4 Direct link with the National Emission Allowance Registry

We hold **delegated and secure access to the Union Registry (RCO2)** through the Ministry for the Ecological Transition's CIRCE system (MITERD), with verified credentials and segregation of operational accounts.

This enables immediate execution of allowance transfers and issuance of verifiable delivery certificates (Proof of EUA Transfer) valid before the competent authority, financial auditors, and third parties.

We also maintain direct coordination with Ministry technical staff, allowing us to anticipate changes, resolve incidents, and ensure full documentary traceability on behalf of our clients.

6.5 Multiannual experience with major emitters

Nexus Green Energy has managed transactions for industrial installations exceeding **3 $MtCO_2$**e annually in sectors such as:

- Thermoelectric (coal and combined cycle),
- Smelting and metallurgy,
- Cement and lime,
- Refining and chemicals,
- Energy ports and logistics operators.

Our participation in over **120 ETS-compliance operations and more than 30 external audits without objections reflects fully validated operational, legal, and accounting maturity**, with standardized protocols adaptable to any stationary installation type.

6.6 Integrated solutions with CBAM, VCUs, and Green Certificates

We are among the few market operators with the technical and legal capacity to offer **cross-coverage of regulatory carbon costs,** including:

- **CBAM (Carbon Border Adjustment Mechanism):** calculation and quarterly declaration of embedded emissions in exported products (Regulation 2023/956), including traceability and customs defense.
- **VCUs (Voluntary Carbon Units):** integration of certified international credits (VCS, Gold Standard, ART, etc.) in voluntary or supply-chain-linked offset strategies.
- **Energy Savings Certificates (CAE):** structuring and sale of enabling measures under Royal Decree 36/2024 and the National Energy Efficiency Obligations System.

This holistic vision allows us to build mixed strategies tailored to each client's **operational and accounting reality,** maximizing efficiency and reducing legal and financial exposure.

6.7 Commitment to industrial sustainability and competitiveness

Beyond regulatory compliance, NGE supports its clients in transforming toward a **low-carbon industry,** strengthening their ESG positioning before investors, authorities, customers, and civil society.

We collaborate in:

- **Drafting credible, auditable decarbonization plans,**
- **Designing financial and environmental KPIs aligned with CSRD and green taxonomy,**
- **Assisting in the preparation of sustainability reports and climate Due Diligence (Climate DD),**
- **Strategic communication with rating agencies and multilateral organizations.**

Our commitment is clear: to turn compliance into a competitive opportunity and transform the cost of carbon into a strategic lever for differentiation, efficiency, and reputational value.

7. COLLABORATION PROPOSAL AND NEXT STEPS

7.1 Preliminary review of the installations and their Monitoring Plan

- **Technical-legal due diligence:** collection of key documents (emission permit, Monitoring Plan, MRV reports for the last three financial years, and operational data).
- **On-site visit and interviews:** inspection of emission points, measurement and control systems (CEMS), verified against the requirements of Articles 12-18 of Regulation (EU) 2018/2066.
- **Compliance gap analysis:** identification of methodological deficiencies, risks of emission underestimation, and possible "non-conformities" before the accredited verifier.
- **Confidentiality agreement (NDA):** executed in accordance with Art. 125.1 of the Intellectual Property Law (LPI) to protect the client's technical and strategic information.

7.2 Technical estimation of annual EUA needs

- **Carbon balance model:** ex-ante calculation based on the most recent emission factors (EUTL, IPCC 2006) and the planned production schedule.
- **Benchmarking vs. free allocation:** projection of the 2026-2030 free-allocation reduction curve and estimation of the residual EUA deficit.
- **Sensitivity scenarios:** simulation of ±10 % variations in operational factors (capacity, specific heat, coal moisture) and EUA prices (P90-P50-P10).
- **Needs report:** technical-legal document determining the indicative volume of allowances for each year of Phase IV and justifying the calculation methodology before the competent authority.

7.3 Evaluation of optimization and hedging opportunities

- **Price-hedging strategies:** design of futures, swaps, and collars aligned with the client's risk policy and accounting standard IFRS 9 (hedge accounting).
- **Integration of complementary credits:** cost-benefit analysis of combining EUAs with removal VCUs or CAEs for voluntary Net-Zero goals and CBAM requirements.
- **Efficiency recommendations:** proposal of technological measures (burner upgrades, cogeneration, partial fuel substitution) with payback < 4 years and eligibility for Just Transition funds.
- **Risk matrix:** identification and assessment (legal, financial, and reputational) with an associated mitigation plan.

7.4 Tailored contractual proposal (volume, schedule, price)

- **Term sheet:** includes commercial terms (annual volume, delivery schedule, payment method, guarantees), make-whole clauses, and delay penalties.
- **Price annex:** indexation formula to ICE Dec-YY or staggered fixed price; possibility of mixed pricing (spot + fixed) to modulate exposure.
- **Adjustment clause (true-up):** regularization after annual verification to cover deviations for over- or under-emission.
- **Regulatory compliance annex:** declaration of absence of double counting, AML/KYC compliance, and optional blockchain traceability.

7.5 Agreement signing and validation in the National Registry

- **Formal execution:** qualified electronic signature (eIDAS Regulation) and notarization if a real guarantee over EUAs is agreed.
- **Registration in the RCO2:** processing of powers of attorney, authorized users, and two-factor authentication; registration of the "account-holder" or "operator-holding" account.
- **Notification to the competent authority:** communication of the contract and the hedging plan for supervision and market-control purposes (MiFID/EMIR, if applicable).

7.6 Support in delivery and verification assistance

- **"In-registry" transfer:** execution of transfers according to the agreed Delivery Schedule, with issuance of Proof of Transfer and SWIFT MT199 confirmation when applicable.
- **MRV support:** preparation of the **Annual Emissions Report (AER)** and coordination with the ISO 14065-accredited verifier; response to findings and closure of non-conformities.
- **Inspection assistance:** representation before MITERD or DG CLIMA in case of extraordinary audit, providing documentary evidence and legal defense.

7.7 Possibility of multiannual contracting and automatic renewal

- **3-5-year framework contract:** locks in minimum volumes, allows annual adjustments, and guarantees priority EUA access during market-stress situations.
- **Tacit renewal clause ("evergreen"):** automatic extension unless terminated with 90 days' notice, maintaining conditions and guarantees.
- **Scalability options:** increase or reduction of volumes up to ±20 % without penalty, subject to notification window.
- **Financial benefits:** more competitive prices, lower margin requirements, and deferred-payment options improving client liquidity.

Expected result: a clear contractual and operational roadmap, legally safeguarded and financially optimized, enabling the industrial client to comply punctually with EUA delivery, minimize exposure to carbon-price volatility, and project a leadership image in sustainability before regulators and investors.

8. CONCLUSION: A CLIMATE PARTNER FOR THE COAL AND STEEL INDUSTRY

8.1 Reduction of risks and costs in demanding regulatory environments

The European Union's legal-climate framework is **evolving toward a highly demanding, punitive, and financially sensitive environment** where mere inaction constitutes a critical exposure for the continuity of industrial operations.
NEXUS GREEN ENERGY enables **regulatory compliance to become a strategic advantage, ensuring:**

- Legal certainty in relation to Articles 16 and 27 of Directive 2003/87/EC.
- Financial certainty through structured hedging and budget predictability.
- Full traceability for audits, inspections, and ESG requirements. In a market where the price of carbon can exceed €100/t and penalties are automatic and irrevocable, our proposal minimizes the marginal cost of compliance and avoids deviations in EBITDA or operating cash flow.

8.2 Strategic alliances reinforcing compliance and reputation

NGE acts not only as a supplier, but also as a **technical, financial, and reputational partner**, integrating its regulatory expertise and supply capacity with the specific requirements of each sector:

- In the case of coal, we provide legal coverage against the risk of accelerated elimination of free allowances and support in planning for closure or technological conversion.
- For **metallurgy and smelting**, we offer mixed solutions (EUAs + CAEs + VCUs) that improve carbon intensity per ton produced and strengthen the position in European value chains.

In addition, our direct dialogue with the administration, verifiers, auditors, and financial **actors allows us to strengthen our clients'** institutional solvency and climate reputation in their capital markets, public tenders, and community environments.

8.3 NEXUS GREEN ENERGY

We accompany your industrial transition
We know that **the energy transition is neither immediate nor uniform**, and that plants powered by coal or focused on iron and steel production require a gradual, operational, and legally secure approach.

Therefore, our **360° proposal** includes:

- **Rigorous EU ETS compliance (legal obligation),**
- **Accounting and fiscal optimization of carbon cost,**
- **Preparation for CBAM and the progressive phase-out of free EUAs,**
- **Full integration with ESG statements and CSRD reports,**
- **Evaluation of energy-efficiency projects and investments eligible under the green taxonomy,**
- **Multiannual options ensuring stability**, **supply, and structural savings.**

Our mission is to ensure that the most emission-intensive industries do **not fall behind** but evolve with guarantees toward a model compatible with European climate objectives and globally competitive standards.

8.4 Direct contact to schedule a personalized proposal

We invite environmental-compliance managers, financial directors, production technicians, and corporate governance bodies to schedule a **personalized and confidential meeting** with our legal, technical, and commercial team.

9. ECONOMIC IMPACT CALCULATION FOR THE CLIENT

9.1 Multi-scenario financial projection

Companies subject to the EU ETS face an increasing regulatory burden with high price volatility. To facilitate strategic decision-making, we present a sensitivity analysis projecting **the total annual compliance cost based** on the average EUA price, for a typical installation with annual emissions of 300,000 tCO_2:

EUA price €/t	Annual cost without hedging	Annual cost with structured hedging (-12 %)	Estimated net saving
60 €/t	€18,000,000	€15,840,000	€2,160,000
80 €/t	€24,000,000	€21,120,000	€2,880,000
100 €/t	€30,000,000	€26,400,000	€3,600,000

Structured hedging (forward + collar + mixed early delivery) allows reducing the effective compliance cost by 10–15 %, stabilizing EBITDA and protecting operating cash flow against price shocks.

9.2 Accounting and fiscal benefit of carbon cost

Thanks to Nexus Green Energy's integrated services, the carbon cost can be treated as an **asset or deductible expense,** with significant benefits:

- **Accounting:** activation of EUAs as intangible assets or inventories, depending on chosen IFRS/IAS policy.
- **Taxation:** 100 % tax-deductible expense (Art. 14.1.a TRLIS), optimizing the effective Corporate Income Tax rate.
- **Cash flow:** deferral of accounting and tax impacts through use of forwards and scheduled payments.

Estimated net result: improvement of up to 0.7 pp on carbon-adjusted operating margin ("carbon-adjusted EBITDA").

9.3 Return on combined strategies (EUAs + VCUs + CAEs)

Integrating complementary credits (Voluntary Carbon Units – VCUs, and Energy Savings Certificates – CAEs) can generate a positive economic return exceeding the marginal regulatory cost:

Combined strategy	Cost reduction €/tCO_2	Estimated ROI (3 years)	Fund eligibility
EUA + verified forest VCU	-7.5 €/t	22-27 %	Yes (voluntary Net-Zero)
EUA + certified CAE (2025)	-4.2 €/t	18-21 %	Yes (CAE obligation)
EUA + hedge + VCU + CAE	-9.8 €/t	28-35 %	Maximum (green taxonomy)

Beyond savings, these strategies improve ESG rating, strengthen access to green financing, and mitigate reputational risks.

9.4 Case study: ETS-covered cement plant

Installation: Cement plant in Castilla y León with verified emissions of 400,000 tCO_2/year.
Initial situation (2024):

- Average EUA price: €72/t
- Compliance cost without hedging: €28.8 million/year
- Free allocation: 80,000 EUAs (deficit 320,000 tCO_2)

NGE solution (2025-2030):

- Fixed coverage of 60 % of EUAs via ICE forwards
- Compensatory mix with VCUs + CAEs: 50,000 tCO_2/year
- Fiscal plan for deferred amortization and payment scheduling

Projected net result (2025-2030):

- Cumulative cost reduction: €14.7 million
- EBITDA stabilized at ±3 % per year
- ESG rating upgraded by specialized agency (Silver → Gold)

9.5 Aggregated Nexus Green Energy indicators

Indicator	2024 Value	Observation
Volume managed ($MtCO_2e$)	> 25 Mt	Across 60+ installations
Economic value transacted	> €1.9 billion	In primary and OTC markets
Average savings achieved	12.6 %	ETS + VCUs compliance
Number of industrial clients	67	High energy consumption
Compliance ratio without sanction	100 %	0 non-compliances 2021-2024

9.6 Nexus service pricing model

Transparency and flexibility:

- **Variable fee:** 0.8-1.2 % of transacted value
- **Fixed fees** (MRV / CBAM / CAE services): €3,000-15,000/year, depending on complexity
- **Optional:** revenue-sharing for offset projects
- **Includes:** legal defense, audit, verification, and ESG reporting

Costs are always offset by market savings and tax deductibility, generating positive net return.

9.7 Financial conclusion

✓ Complying with the ETS is not just a legal duty, but a **strategic financial decision.**
✓ Nexus Green Energy enables **cost reduction, margin stabilization, and optimization of working capital.**
✓ Each correctly planned tonne of CO_2 can translate into more EBITDA, less risk, and higher ESG valuation.

FINAL CONCLUSION

Turning climate compliance into a competitive advantage

Nexus Green Energy is not merely a provider of emission **allowances but a strategic, technical, and financial** ally for the most carbon-intensive industries. In an increasingly demanding regulatory context –with rising CO_2 prices, elimination of free allocations, and automatic penalties for non-compliance– having a comprehensive, **solvent, and anticipatory solution** makes the difference between protecting the operating margin or suffering critical EBITDA and reputational deviations.

Our approach combines:

- **Regulatory precision** with full coverage of the EU ETS, CBAM, and CAE Regulations.
- **Financial strength** through multiannual planning, price hedging, and accounting optimization.
- **Climate responsibility** through integration of certified compensations (VCUs) and access to the green taxonomy.
- **Market intelligence and negotiation capacity** in auctions, OTC, and derivatives.

With more than **25 $MtCO_2e$ managed and 0 regulatory breaches in 15 years of operations,** our proven experience, operational independence, and ESG vision position us as the **ideal climate partner for thermal plants, cement factories, steelworks, and major industrial emitters.**

Compliance is no longer enough.

It is time to plan, optimize, and lead.
We invite your executive team –environmental, financial, technical, or legal– to hold a confidential meeting with our expert committee and receive, without obligation:

✓ A simulation of ETS-2030 needs and scenarios
✓ An economic analysis of structural savings
✓ A contractual term sheet adapted to your plant
✓ A proposal for ESG and climate-tax integration

With Nexus Green Energy, **CO_2 ceases to be a liability. It becomes a lever of profitability.**

It is time to act!

CARBON CREDIT

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