

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Issuer and Green Financing Framework

Energie Baden-Württemberg AG (EnBW)

11 July 2024

### VERIFICATION PARAMETERS

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Type(s) of instruments contemplated

- Green financing instruments

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- Green Loan Principles (GLP), as administered by the Loan Market Association (LMA) (as of February 2023)
- EU Taxonomy Climate Delegated Act, Annex I (as of June 2023)

Scope of verification

- EnBW Green Financing Framework (as of July 8, 2024)
- EnBW Eligibility Criteria (as of July 8, 2024)

Lifecycle

- Pre-issuance verification
- 5<sup>th</sup> SPO Update as of Nov. 14, 2023 ([ISS-Corporate weblink](#))

Validity

- Valid as long as the cited Framework remains unchanged

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## SCOPE OF WORK

EnBW Energie Baden-Württemberg AG (“the Issuer”, “EnBW”, “the Company”) commissioned ISS-Corporate to assist with its green financing instruments by assessing four core elements to determine the sustainability quality of the instruments:

- EnBW’s Green Financing Framework (as of July 8, 2024), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and the Loan Market Association’s (LMA) Green Loan Principles (GLP).
- The Eligibility Criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
- The alignment of the project categories with the EU Taxonomy on a best-effort basis<sup>1</sup> — whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including Substantial Contribution to Climate Change Mitigation Criteria and Do No Significant Harm Criteria) and Minimum Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2023).<sup>2</sup>
- Consistency of the green financing instruments with EnBW’s Sustainability Strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

<sup>1</sup> While the Final Delegated Acts for Mitigation and Adaptation were published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a “best efforts basis.”

<sup>2</sup> Commission Delegated Regulation (EU) 2021/2139 of June 2021, [URL https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139).

## EnBW OVERVIEW

EnBW Energie Baden Württemberg AG is an integrated utility company in Germany that engages in power and heat generation, trading, transmission and distribution, energy sales, e-mobility, and telecommunications. It operates through the following segments: Smart Infrastructure for Customers, System Critical Infrastructure, and Sustainable Generation Infrastructure. The Smart Infrastructure for Customers segment includes the sale of electricity and gas, energy industry services and energy solutions, provision and expansion of quick-charging infrastructure, and digital solutions for electromobility. The System Critical Infrastructure segment covers the transmission and distribution of electricity and gas. The Sustainable Generation Infrastructure segment encompasses the company's activities in renewable energy and conventional generation, district heating, waste management, and energy services. The company was founded in 1997 and is headquartered in Karlsruhe, Germany.

### *ESG risks associated with the Issuer Industry*



EnBW is classified in the multi-utilities industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies<sup>3</sup> in this industry are promotion of a sustainable energy system and resource efficiency, environmentally safe operation of plants and infrastructure, accessibility and reliability of energy and water supply, protection of human rights and community outreach, and worker safety and accident prevention.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

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<sup>3</sup> Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>4</sup>
<b>Part I:</b> <b>Alignment with GBP/GLP</b>	The Issuer has defined a formal concept for its green financing instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP and GLP.	<b>Aligned</b>
<b>Part II:</b> <b>Sustainability quality of the Selection Criteria</b>	<p>The green financing instruments will (re)finance the following eligible asset categories:</p> <p>Green categories: Renewable Energy and Clean Transportation.</p> <p>Product and/ or service-related use of proceeds categories individually contribution to one or more of the following SDG<sup>5</sup>s:</p>  	<b>Positive</b>
<b>Part III:</b> <b>Alignment with EU Taxonomy</b>	<p>The EnBW's project characteristics, due diligence and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023 on a best-effort basis (see Footnote 2 above). The nominated project categories are considered to be:</p> <ul style="list-style-type: none"> <li>▪ <b>Aligned</b> with the Climate Change Mitigation Criteria</li> <li>▪ <b>Aligned</b> with the Do No Significant Harm Criteria</li> <li>▪ <b>Aligned</b> with the Minimum Safeguard requirements</li> </ul>	
<b>Part IV:</b>	The key sustainability objectives and the rationale for issuing green financing instruments are clearly	<b>Consistent with Issuer's</b>

<sup>4</sup> The evaluation is based on the EnBW's Green Financing Framework (July 8,2024), on the analyzed Eligibility Criteria as received on July 8, 2024.

<sup>5</sup> The impact of the UoP categories on the U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

<b>Consistency of Green Financing Instrument with EnBW's Sustainability Strategy</b>	described by the Issuer. All project categories considered are in line with the Issuer's sustainability objectives.  At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.	<b>sustainability strategy</b>
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## SPO ASSESSMENT

### PART I: ALIGNMENT WITH ICMA’S GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

#### A. ALIGNMENT WITH GBP and GLP

This section evaluates the alignment of the EnBW’s Green Financing Framework (as of July 8, 2024) with the GBP and GLP.

ICMA GBP/LMA GLP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by EnBW’s Green Financing Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The Issuer’s green categories align with the project categories as proposed by the GBP and GLP, and criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided, and environmental benefits are described.</p> <p>The Issuer defines a lookback period of three years, in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by EnBW’s Green Financing Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The project selection process is defined, and ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy.</p> <p>The Issuer involves various stakeholders in this process and identifies the alignment of its Green Financing Framework and green projects with official or market-wide taxonomies, such as the EU Taxonomy as assessed in this report. Furthermore, the Issuer references any green standards or certifications used, in line with best</p>

		market practice.
<b>3. Management of Proceeds</b>	✓	<p>The Management of Proceeds provided by EnBW's Green Financing Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The net proceeds collected will equal or exceed the amount allocated to eligible projects. The net proceeds are tracked appropriately and are managed per bond (bond-by-bond approach).</p> <p>Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and makes them known to lenders.</p> <p>The Issuer has defined an expected allocation period of 24 months.</p>
<b>4. Reporting</b>	✓	<p>The allocation and impact reporting provided by EnBW's Green Financing Framework is <b>aligned</b> with the GBP and GLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report with appropriate frequency. The Issuer commits to report annually until the bond matures/until the proceeds have been fully allocated. The reporting will be publicly available on the Issuer's website. Moreover, EnBW has disclosed the level of expected reporting and the type of information that will be reported.</p> <p>The Issuer is transparent on the level, information reported, frequency, scope and duration of impact reporting, and commits to having the allocation report audited by an external party, in line with best market practice.</p> <p>The Issuer also discloses the location and link of the report(s), in line with best market practice.</p>



**SECOND PARTY OPINION**

Sustainability Quality of the Issuer  
and Green Financing Framework

**ISS-CORPORATE** 

## PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA

### A. CONTRIBUTION OF THE GREEN FINANCING INSTRUMENT TO THE U.N. SDGs<sup>6</sup>



Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:



Each of the green financing instruments' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Renewable Energy</b> <i>Solar (photovoltaic) energy generation</i> <i>Offshore/Onshore wind energy generation</i> <i>Hydropower energy generation<sup>7</sup></i>	<b>Contribution</b>	
<b>Renewable Energy</b> <b>Transmission and Distribution</b>	<b>Contribution</b>	

<sup>6</sup> The impact of the UoP categories on the U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

<sup>7</sup> The Issuer confirms that no very large-scale hydropower plant (>1,000 MW) will be financed under this Framework.

*Electricity distribution & transmission infrastructure, in line with the Technical Screening Criteria for Climate Change Mitigation of the EU Taxonomy activity 4.9.*

**Renewable Energy**

*Smart Meters*

**Clean Transportation**

*E-mobility charging stations*

**Contribution**

**Contribution**



## PART III: ALIGNMENT OF THE ELIGIBILITY CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of EnBW's project characteristics, due diligence processes and policies for the nominated use of proceeds project categories have been assessed against the relevant Climate Change Mitigation Technical Screening Criteria (TSC), the Do No Significant Harm Criteria (DNSH) and against the Minimum Safeguards requirements of the EU Taxonomy Climate Delegated Act<sup>8</sup> (June 2023), based on information provided by EnBW. Where EnBW's project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

EnBW's project selection criteria overlap with the following economic activities in the EU Taxonomy:

- 4.1. Electricity Generation using Solar Photovoltaic Technology
- 4.3. Electricity Generation from Wind Power
- 4.5. Electricity Generation from Hydropower
- 4.9. Transmission and distribution of electricity
- 6.15. Infrastructure enabling low-carbon road transport and public transport
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings

EnBW confirms that all projects financed under the Green Financing Framework are and will be located in the European Union (currently financed projects are in Germany, Sweden and France) and the United Kingdom.

Note: To avoid repetition, the evaluation of the alignment of EnBW assets to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section G. Similarly, the evaluation of the alignment to the DNSH to Protection and Restoration of Biodiversity and Ecosystems is given in Section H. They are applicable to all of the above activities.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can access the original criteria at the following [link](#).

<sup>8</sup> Commission Delegated Regulation (EU) 2020/852, [URL https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en).

a) 4.1 – Electricity generation using solar photovoltaic technology

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>9</sup>	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
The financed projects generate electricity using photovoltaics (PV) technology.	✓
2. CLIMATE CHANGE ADAPTATION – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
See g)	✓
3. WATER AND MARINE RESOURCES – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
N/A: there are no EU Taxonomy criteria for the category	
4. CIRCULAR ECONOMY – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
<p>EnBW states that its solar panels are durable over a lifetime of approximately 30 years. One of its projects has an expected lifetime of 40 years, based on comprehensive testing.</p> <p>All solar farms have plans for complete dismantling at the end of their lifetimes. Decommissioning plans are part of some local planning approvals.</p> <p>Solar panel manufacturers are obliged to take back the modules at the end of their service life. Other supporting equipment, such as ancillary metal components, can be resold or reused. Solar panels are modular and can be easily repaired by replacing individual non-functional components.</p>	✓
5. POLLUTION – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
N/A: there are no EU Taxonomy criteria for the category	
6. BIODIVERSITY AND ECOSYSTEMS – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
See h)	✓

b) 4.3 – Electricity generation from wind power

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL
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<sup>9</sup> This column is based on input provided by the Issuer.

	SCREENING CRITERIA
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION</b>	
The financed projects generate electricity from wind power.	✓
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>	
See g)	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>	
EnBW states that for its three new offshore wind projects in the U.K., Environmental and Social Impact Assessments (ESIA) are being conducted. At the current stage of the projects, a Preliminary Environmental Information Report (PEIR) has been submitted to the competent authorities in April 2023. The information will be reviewed and appropriate measures, within an Environmental Management and Monitoring Plan, will be enacted to mitigate any environmental impacts relating to underwater noise. This is as required by the U.K.'s Marine Strategy Regulations 2010, which as of 2021 and 2022, still has transposed in it the EU Marine Strategy Framework Directive 2008/56/EC as mentioned in the criteria.	✓
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>	
EnBW states that it is confident that the wind turbine lifetimes are expected to be between 20 and 25 years, with good maintenance plans throughout.	✓
The decommissioning plans for the turbines are required as part of the planning approvals. Decommissioning involves a mixture of recycling and reusing the metal components and rotor blades.	
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: there are no EU Taxonomy criteria for the category	
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>	
EnBW has two offshore wind farm projects in its portfolio — the Morgan and Mona Offshore Wind projects — which are developed in England and Wales. A Preliminary Environmental Information Report (PEIR) has been submitted to the competent authorities in 2023 for both projects. <sup>10, 11</sup> The Wind Farm	✓

<sup>10</sup> Morgan Offshore Wind Project: Generation Assets – Preliminary Environmental Information Report: [https://bp-mmt.s3.eu-west-2.amazonaws.com/morgan/04+Preliminary+Environmental+Information+Report/02+-+Offshore+Chapters/RPS\\_EOR0801\\_Morgan\\_PEIR\\_Vol2\\_9\\_MM.pdf](https://bp-mmt.s3.eu-west-2.amazonaws.com/morgan/04+Preliminary+Environmental+Information+Report/02+-+Offshore+Chapters/RPS_EOR0801_Morgan_PEIR_Vol2_9_MM.pdf).

<p>projects are subject to the U.K.'s Marine Strategy Regulations 2010, which transpose the requirements of the EU's Marine Strategy Framework Directive 2008/56/EC into domestic law, so that they continue to be effective now that the U.K. is no longer part of the EU.<sup>12</sup> Therefore, the offshore wind farms are required to not hamper the good environmental status, such as by taking measures required to mitigate the impacts on biodiversity and seabed integrity. These impacts will be identified by the Environmental and Social Impact Assessments (ESIA) and the ensuing necessary measures developed as part of the resulting Environmental Management and Monitoring Plan.</p>	
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c) 4.5 – Electricity generation from Hydropower

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>The financed projects generate electricity from hydropower.</p> <p>The Issuer confirms that all hydropower activities comply with the following criteria:</p> <ul style="list-style-type: none"> <li>▪ The life cycle GHG emissions from the generation of electricity from hydropower are lower than 100 gCO<sub>2</sub>e/kWh. The Issuer verified the compliance of the plants financed under its Framework with the Taxonomy threshold for life cycle GHG emissions using the German Environment Agency reference values for assessing the contribution of run-of-river plants, and the value is of 2.702 gCO<sub>2</sub>e/kWh, significantly under the 100 gCO<sub>2</sub>e/kWh threshold.</li> </ul>	<p style="text-align: center;">✓</p>
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See g)	<p style="text-align: center;">✓</p>
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
EnBW confirms that all hydropower plants (projects as well as plants in operation) have a valid permit or authorization, guaranteeing that the plants are in line with the specific objectives and requirements of all legal	<p style="text-align: center;">✓</p>

<sup>11</sup> Mona Offshore Wind Project – Preliminary Environmental Information Report: [https://enbw-bp-consultation.s3.eu-west-2.amazonaws.com/PEIR/04+Preliminary+Environmental+Information+Report/02+-+Offshore+Chapters/RPS\\_EOR0801\\_Mona\\_PEIR\\_Vol2\\_9\\_MM\\_FINAL.pdf](https://enbw-bp-consultation.s3.eu-west-2.amazonaws.com/PEIR/04+Preliminary+Environmental+Information+Report/02+-+Offshore+Chapters/RPS_EOR0801_Mona_PEIR_Vol2_9_MM_FINAL.pdf).

<sup>12</sup> Marine Environmental Legislation in Scotland: <https://www.gov.scot/publications/eu-exit-marine-environmental-legislation-scotland-2/pages/7/>.

prescriptions, including the European Water Framework Directive (2000/60/EC).<sup>13</sup> The assets financed under this Framework also comply with the German regulation and the German Water Resources Act. The Issuer mentions that certain plants must apply for “connection water rights” when permits expire, requiring a preliminary assessment under German law (No. 13.14 of Annex 1 to the UVPG<sup>14</sup>), with an Environmental Impact Assessment (EIA) necessary only if significant adverse environmental impacts are expected (Section 7 (1) UVPG).

For operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential, the activity follows complies with the following criteria:

- EnBW confirms that all technical feasible and ecologically relevant mitigation measures — prescribed through permits and authorizations by the competent authorities — have been implemented to reduce adverse impacts on water and protected habitats and species directly dependent on water.
- EnBW confirms that the full range of possible implementation measures is considered by the competent authorities, considering the status of the ecosystem of a specific water body as well as the state-of-the-art technologies and scientific research:
- Measures to ensure downstream and upstream fish migration (e.g., fish-friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes, measures to stop or minimize operation and discharges during migration or spawning)
- Measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow
- Measures to protect or enhance habitats
- EnBW confirms that the effectiveness of those measures, once implemented, is systematically monitored in the context of the authorization or permit. Monitoring of those measures can include biological as well as technical monitoring of the implemented measures.

EnBW confirms that construction of new hydropower plants adheres to EU Taxonomy criteria, including compliance with the regulations of the European Water Framework Directive (2000/60/EC). According to German law, a preliminary Environmental Impact Assessment (EIA) is mandatory for procedures granting new water licenses, which extends to the construction of hydropower plants. Depending on the assessment results, a subsequent EIA

<sup>13</sup> Directive 2000/60/EC of the European Parliament and the Council of 23 October 2000 establishing a framework for Community action in the field of water policy: <https://eur-lex.europa.eu/eli/dir/2000/60/oj>.

<sup>14</sup> German water protection policy: <https://www.bmu.de/en/topics/water-management/overview-water-management/policy-goals-and-instruments/water-protection-policy-in-germany>.



may be required to further evaluate potential environmental impacts.

- EnBW confirms that an EIA or other permitting procedure is performed, considering the potential impact on the status of water bodies, habitats and species. In addition, the assessment of the status of a water body is part of the River Basin Management Plan, prepared by the competent national authorities and reported to the European Commission (EC).
- EnBW confirms that, based on an impact assessment, the plant is conceived, by design, location and mitigation measures, in compliance with the following requirements:
- The plant does not entail any deterioration nor compromise the achievement of good status or potential of the specific water body it relates to. This requirement is part of the assessment of the national permitting or authorization procedure for each project. During comprehensive assessments in permitting, all ecological and socioeconomic benefits and costs are weighed and compared. A permit is only issued in case of overriding public interest of a new hydropower asset, depending on the generation and flexibility needs in the electricity grid.
- Where the plant risks to deteriorate or compromise the achievement of good ecological status or potential of the specific water body it relates to, such deterioration is not significant, and is justified by a detailed cost-benefit assessment demonstrating both of the following:
- The reasons for overriding public interest or how benefits expected from the planned hydropower plant outweigh the costs of deteriorating the status of water to the environment and to society.
  - (i) The fact that the overriding public interest or the benefits expected from the plant cannot, for reasons of technical feasibility or disproportionate cost, be achieved by alternative means that would lead to a better environmental outcome (such as refurbishing of existing hydropower plants or use of technologies not disrupting river continuity).
- All technically feasible, economically feasible and ecologically relevant mitigation measures are implemented to reduce adverse impacts on water, protected habitats and species directly dependent on water. The Water Framework Directive (WFD) requires a maximally cost-effective combination of measures, balancing technical feasibility, ecological relevance and socioeconomic welfare parameters. Mitigation measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies:
- Measures to ensure downstream and upstream fish migration (e.g., fish-friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes)

<ul style="list-style-type: none"> <li>▪ Measures to stop or minimize operation and discharges during migration or spawning</li> <li>▪ Measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow</li> <li>▪ Measures to protect or enhance habitats</li> <li>• The effectiveness of those measures is monitored in the context of the authorization or permit setting out the conditions aimed at achieving good ecological status or potential of the affected water body.</li> <li>▪ Assessments during the permitting of a new hydropower plant include respective evaluations of the relevant upstream and downstream water bodies where the competent authorities define and limit the scope of respective analyses.</li> <li>▪ Through the implementation of the Water Framework Directive (WFD), measures are implemented to ensure that the project does not increase the fragmentation of water bodies in the same river basin district, such as establishing fish migrations facilities, residual flows, and similar measures. Valid permit or authorization also guarantees that mitigation measures are set and implemented, where relevant.</li> </ul>	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there are no EU Taxonomy criteria for the category	
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there are no EU Taxonomy criteria for the category	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
See h)	✓

d) 4.9 – Transmission and distribution of electricity

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>The Issuer confirms that the transmission and distribution infrastructure or equipment financed under this framework comply with one of the following criteria:</p> <ul style="list-style-type: none"> <li>▪ The transmission and distribution networks are part of the interconnected European system.</li> <li>▪ More than 67% of the newly enabled generation capacity in the system is below the generation threshold value of 100 gCO<sub>2</sub>e/kWh, measured based on the product carbon footprint over a rolling five-year period.</li> </ul>	✓

<ul style="list-style-type: none"> <li>The Issuer confirms that it will not finance metering infrastructure.</li> </ul>	
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>	
See g).	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: there are no EU Taxonomy criteria for the category	
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>	
EnBW confirms that it has a waste management plan in place and that it is reducing and minimizing its waste by recycling or reselling components for further use for all applicable projects. EnBW has an oil regeneration plant to clean any contaminations and prepare the oil for further use. In addition to oil, other components used for distribution grids (mainly cables or metal components) are either recycled or sold, if possible, or disposed professionally if recycling/reselling is not possible.	✓
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>	
EnBW transmission and distribution grids are compliant with the 26th Federal Immission Control Ordinance (BImSchV) <sup>15</sup> to guarantee no harm is caused by electromagnetic fields on human health. It applies to overground high voltage lines and also includes all underground assets.	✓
EnBW also confirms that it does not use polychlorinated biphenyls (PCBs) in new facilities, and that PCBs in old facilities were fully switched in the early 1990s and professionally disposed of.	
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>	
See h).	✓

e) 6.15 – Infrastructure enabling low-carbon road transport and public transport

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION</b>	
EnBW confirms that its network of electric vehicle (EV) charging points meets the following criteria: <ul style="list-style-type: none"> <li>The infrastructure is dedicated to the operation of vehicles with zero tailpipe CO<sub>2</sub> emissions: electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric road</li> </ul>	✓

<sup>15</sup> General Administrative Provision on the Implementation of the Ordinance on Electromagnetic Fields – 26th Ordinance on the Implementation of the Federal Immission Control Act (26th BImSchVVwV): [https://www.bmu.de/fileadmin/Daten\\_BMU/Download\\_PDF/Strahlenschutz/bimschvw\\_26\\_en\\_bf.pdf](https://www.bmu.de/fileadmin/Daten_BMU/Download_PDF/Strahlenschutz/bimschvw_26_en_bf.pdf).

systems (ERS).	
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>	
See g).	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>	
Charging stations are mostly built on car parks that already have appropriate drainage measures. Appropriate procedures would be followed in case of new building sites to minimize the impacts on local water resources. The Issuer also confirms that its EV charging infrastructure does not use surface water or extract groundwater and complies with the EU Water Framework Directive.	✓
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>	
EnBW confirms that its activities comply with the EU Waste Framework Directive and the EU Construction and Demolition Waste Management Protocol, and hence ensures 70%-80% of the construction waste can be reused or otherwise recovered appropriately. This includes reusing concrete and asphalt surfaces and pavement slabs. The Issuer ensures fulfillment of these directives by having its contractors reuse any extracted soil on the site. If this is not possible, then the soil is tested. If uncontaminated, the soil will be reused on other construction sites, and if contaminated, the soil will be professionally disposed of by a specialist.	✓
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>	
Charging infrastructure is constructed by external service providers and mainly takes place on green spaces or existing parking areas. So far, there have been no construction activities that cause significant dust or pollutant emissions. Otherwise, measures are taken to observe the relevant noise regulations in Germany, where all of the Issuer’s e-mobility infrastructure assets are located (the technical instructions on Noise Abatement).	✓
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>	
See h).	✓

- f) 7.5 – Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings

<b>PROJECT CHARACTERISTICS AND SELECTION PROCESSES</b>	<b>ALIGNMENT WITH THE EU TAXONOMY’S TECHNICAL SCREENING CRITERIA</b>
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION I</b>	
The Issuer confirms that the smart meters meet the Mitigation Criteria and are required to be installed first for customers that consume more than 6,000 kWh of energy, which are mostly small- and medium-sized	✓

businesses, and to a lesser extent, private households. It is expected to be rolled out for more households over the coming years.	
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>	
See g).	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: there are no EU Taxonomy criteria for the category	
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: there are no EU Taxonomy criteria for the category	
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: there are no EU Taxonomy criteria for the category	
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: there are no EU Taxonomy criteria for the category	

g) Generic DNSH on Climate Change Adaptation

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>	
<p>EnBW has a group-wide risk management process to identify and minimize physical climate risks for the activities financed under this Framework.</p> <p>EnBW confirms that the climate risk assessment is performed annually and systematically for all projects, regardless of whether it is an existing or new activity and is conducted on all stages (planning/construction/operation). The risk map, a standard tool across the group, is published in the risk and opportunity section of its annual report. The derivation and implementation of adaptation measures is assessed annually and published in the risk and opportunity section of EnBW's annual report.</p> <p>EnBW has developed an internal screening of the activity categories for which this criterion is applicable (solar, wind, hydropower, electricity grids, EV charging points, smart meters) for any climate risks in the short term (next three years) or long term (10-30 years). EnBW's climate projections and assessment of impacts analysis is based on RCP 2.6, 4.5 and 8.5 scenarios according to the expected lifetime of the activity. These climate risks have been clustered into the categories of temperature, wind, water and ground.</p> <p>EnBW has identified the lifetime for each of the activity financed under this framework:</p> <ul style="list-style-type: none"> <li>▪ <b>Solar:</b> EnBW is confident that its solar panels are durable over a</li> </ul>	✓

lifetime of approximately 30 years. One of its projects has an expected lifetime of 40 years, based on comprehensive testing.


- **Wind:** EnBW is confident that its wind power plants are durable over a lifetime of approximately 20-25 years. **Hydropower:** EnBW is confident that its hydropower plants are durable over a long lifetime due to the fact that some of its hydropower plants are over 100 years old.
- **Electricity grids:** EnBW is confident that its grids are durable over a lifetime of approximately 25-40 years.
- **EV Charging points:** EnBW is confident that its charging infrastructure is durable over a long lifetime of approximately 10 years.
- **Smart Meters:** EnBW is confident that its smart meters are durable over a long lifetime.

In addition, EnBW has identified the main risks associated with each category and potential mitigation measures as follows:

- **Solar:** A potential decrease in efficiency through high temperature rises or damage to solar panels caused by extreme weather events (i.e., storms, floods or landslides).
- **Wind:** Fluctuations in electricity generation through changing weather conditions and damages to the wind plants caused by extreme weather events (i.e., storms, floods or landslides). EnBW constantly monitors potential physical damage to its wind turbines. Storm damage to offshore wind turbines can be mitigated by rotating the turbines.
- **Hydropower:** Drought due to high temperatures, damage to the system caused by trees or plants drifting downstream due to storms, extreme high temperatures, extreme high or low water levels, and damage caused by earthquakes or flooding.
- **Electricity grids:** The resistance of the grid to high temperature rises, extreme weather conditions (i.e., storms and floods). High temperatures could potentially harm the grids' materials and worsen the grids' capacity to transport electricity. Storms or floods could endanger electricity poles. For overhead lines and above-ground infrastructure, the company assesses the resilience and stability of different segments of the grid.
- **EV Charging Points:** Increases in temperature extremes, wet weather

<p>extremes and flooding. EnBW houses its charging points with shielding equipment and panels that can withstand a large temperature range and IP54 levels of water resistance.</p> <ul style="list-style-type: none"> <li>▪ <b>Smart Meters:</b> Flooding in buildings where the smart meter(s) are installed.</li> </ul> <p>The mitigation measures for impacts include the regular adaptation of financial forecasts to consider possible higher costs for repairs or lower revenues through a decrease in electricity generation. In addition, EnBW confirms that the adaptation solutions are implemented by ensuring that it does not adversely affect adaptation efforts or the level of resilience to physical climate risks of other people, nature, cultural heritage, assets and other economic activities. The Issuer also ensures that the adaptation solutions are also consistent with local, sectoral, regional or national adaptation strategies and plans and considers the use of nature-based solutions or reliance on blue or green infrastructure to the extent possible.</p>	
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h) Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH EU TAXONOMY
5. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
<p>EnBW confirms that Environmental Impact Assessments (EIA) are conducted for the wind and electricity grids’ project categories. EnBW confirms that its solar projects or EV charging points projects are not required by German law to conduct EIAs, but the Company commits to ensure these projects fulfill relevant biodiversity management practices. For hydropower project, EnBW confirms that EIAs are carried out, in line with the EU and German legal requirements, which require a preliminary impact assessment for re-issuing expired permits.</p> <p>Specific considerations relating to each of the category where this criterion is applicable are listed below:</p> <p><b>Solar:</b> German law does not require EIAs for certain small installations, such as smaller solar farms. Instead, they must follow the land-use planning process and regulations (BauGB), which involve an environmental report on local biodiversity impacts. However, when EIAs are mandated, they are conducted according to the national and European regulations. This is also</p>	

confirmed through the EU Taxonomy process since the DNSH criteria for the environmental objective "protection and restoration of biodiversity and ecosystems" also includes the responsible conduction of EIAs. EnBW confirms that its solar farms are not built in nature conservation areas. If any solar farms have an impact on the local biodiversity, management plans will be created, in accordance with regulatory requirements. The Issuer states that examples of biodiversity management plans include using the minimal amount of space for solar farm per unit of electricity to limit the impact on the land, and keeping the breeding habitats of certain species (e.g., skylarks) on-site instead of moving these habitats elsewhere.

**Wind:** EIAs for wind power projects (wind onshore and offshore) are carried out in line with the EU legal requirement. For projects in Germany, there are two variants for the EU EIA:

(1) The "Environmental Impact Assessment," which is referred to as such and mandatory in principle (except for smaller plants). This is very complex and expensive (six-digit range). This Environmental Impact Assessment probably exceeds the EIA prescribed by EU law and referenced in the Taxonomy criteria in scope and depth.

(2) For the smaller plants, for which the extensive EIA is not prescribed under German law, the urban land use planning procedure according to BauGB must be passed through and an environmental report must be prepared ("EIA lite").

In addition, the EIA of its offshore wind projects (mostly large-scale projects where an EIA is mandatory) will also consider the provisions of the Marine Strategy Framework Directive and the EU Biodiversity Strategy. These directives will provide an assessment of potential impacts on biodiversity and seabed integrity. They also will study impacts relating to nearby marine protected areas, (e.g., the Liverpool Bay Special Protection Area, West of Copeland Marine Conservation Zone (MCZ), West of Walney MCZ and North Anglesey Marine Special Area of Conservation). The EIAs will be followed by necessary and appropriate actions in accordance with regulatory requirements.

EnBW has two offshore wind farm projects in its portfolio — the Morgan and Mona Offshore Wind projects — which are developed in England and Wales.



A Preliminary Environmental Information Report (PEIR) has been submitted to the competent authorities in 2023 for both projects.<sup>16, 17</sup> The Wind Farm projects are subject to the U.K.'s Marine Strategy Regulation 2010, which transpose the requirements of the EU's Marine Strategy Framework Directive 2008/56/EC into domestic law, so that they continue to be effective now that the U.K. is no longer part of the EU.<sup>18</sup> Therefore, the offshore wind farms are required to not hamper the good environmental status, such as by taking measures required to mitigate the impacts on biodiversity and seabed integrity. These impacts will be identified by the Environmental and Social Impact Assessments (ESIA) and the ensuing necessary measures developed as part of the resulting Environmental Management and Monitoring Plan.

**Hydropower:** EIAs for hydropower are carried out in line with the EU legal requirements. Prior to reissuing expired permits in accordance with the water law, a preliminary assessment must be carried out. Depending on the results of this assessment, it may be necessary to subsequently complete an EIA. The obligatory implementation of the requirements in the European Water Directive is the framework under which the allowance of new and re-issuance of existing permits. Potential mitigation measures, such as fish ladders that enable fish to descend the river, are implemented in agreement with the responsible authorities.

**Electricity Grids:** EIAs for electricity grids are carried out in line with EU and German legal requirements. The EIAs or comparable assessments are a key requirement for receiving approval for constructing and operating electricity grids in Germany and Europe. Grid activities that are not required to conduct an EIA must present several documents about legal requirements to the local authorities.

**EV Charging points:** EIAs are not required for the construction of charging infrastructure. Charging infrastructure will not be built in ecologically sensitive areas.

<sup>16</sup> Morgan Offshore Wind Project: Generation Assets – Preliminary Environmental Information Report: [https://bp-mmt.s3.eu-west-2.amazonaws.com/morgan/04+Preliminary+Environmental+Information+Report/02+-+Offshore+Chapters/RPS\\_EOR0801\\_Morgan\\_PEIR\\_Vol2\\_9\\_MM.pdf](https://bp-mmt.s3.eu-west-2.amazonaws.com/morgan/04+Preliminary+Environmental+Information+Report/02+-+Offshore+Chapters/RPS_EOR0801_Morgan_PEIR_Vol2_9_MM.pdf).

<sup>17</sup> Mona Offshore Wind Project – Preliminary Environmental Information Report: [https://enbw-bp-consultation.s3.eu-west-2.amazonaws.com/PEIR/04+Preliminary+Environmental+Information+Report/02+-+Offshore+Chapters/RPS\\_EOR0801\\_Mona\\_PEIR\\_Vol2\\_9\\_MM\\_FINAL.pdf](https://enbw-bp-consultation.s3.eu-west-2.amazonaws.com/PEIR/04+Preliminary+Environmental+Information+Report/02+-+Offshore+Chapters/RPS_EOR0801_Mona_PEIR_Vol2_9_MM_FINAL.pdf).

<sup>18</sup> Marine Environmental Legislation in Scotland: <https://www.gov.scot/publications/eu-exit-marine-environmental-legislation-scotland-2/pages/7/>.

i) Minimum Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Safeguards as described in Article 18 of the Taxonomy Regulation<sup>19</sup> have been assessed. The results of this assessment are applicable for every project category financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>20</sup>	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
<p>EnBW has embedded the Declaration of Human Rights into its policies, covering procedures to uphold the commitment. The Declaration is based on the following frameworks:</p> <ul style="list-style-type: none"> <li>▪ The Universal Declaration of Human Rights</li> <li>▪ The International Covenant on Civil and Political Rights</li> <li>▪ The International Covenant on Economic, Social and Cultural Rights</li> <li>▪ The core labor standards of the International Labor Organization (ILO)</li> <li>▪ The Guiding Principles on Business and Human Rights</li> <li>▪ OECD Guidelines on Multinational Enterprises</li> </ul> <p>The Declaration aims to bind the parent company, EnBW Energie Baden-Württemberg AG, with all the companies controlled by the group (where the Company holds majority of shares or voting rights). Other companies where the Issuer has no majority control have been requested to apply the Declaration. The commitment is applicable to all employees of the Group.</p> <p>As part of the due diligence process on human rights, the Company conducts a comprehensive risk assessment on its own operations and supply chain, identifying potential negative impacts on human rights, and takes proactive or remedial measures. By monitoring the progress of such measures, the Issuer is able to adapt the measures on a case-by-case basis.</p> <p>Regarding the supply chain, the Company has implemented the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) which provided an opportunity to revise its human rights structures and processes and apply improvement measures, notably on standardization and automation. The Board of Management has collective responsibility for compliance with the</p>	

<sup>19</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>.

<sup>20</sup> This column is based on input provided by the Issuer.

LkSG risk management requirements. In July 2023, the Issuer published its policy statement pursuant to the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). The Issuer has a Supplier Code of Conduct in line with the U.N. Guiding Principles, the OECD Guidelines for Multinational Enterprises and ILO core conventions. Should a supplier fail to tackle an identified human rights risk and not apply remedial actions, EnBW has the right to suspend the business relationship.

In addition to these measures, EnBW has established a group-wide complaints procedure allowing stakeholders to report issues confidentially through various channels, including a whistleblower tool that handles complaints confidentially unless disclosure is necessary for investigation required by law. The procedure outlines steps from complaint receipt to resolution, including feedback and implementation of corrective measures.

EnBW has established a Human Rights Steering Committee to ensure the development and implementation of measures to identify and manage human rights issues. The Company has been a member of the U.N. Global Compact since 2010, is guided by the U.N. Guiding Principles on Business and Human Rights and participates in sector councils and initiatives. EnBW communicates its Human Rights Approach in the annual report and in its Declaration of Human Rights, Supplier Code of Conduct and policy statement pursuant to the Act on Corporate Due Diligence Obligations in Supply Chain. EnBW further reports on actions and policies related to human rights through the Communication on Progress of the U.N. Global Compact.

## PART IV: CONSISTENCY OF GREEN FINANCING INSTRUMENT WITH ENBW'S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by the Issuer*

TOPIC	ISSUER APPROACH
<p><b>Strategic ESG topics</b></p>	<p>EnBW has defined its sustainability strategy around four key pillars: (i) new energy and climate neutrality, (ii) infrastructure transition, (iii) culture of sustainability and (iv) protecting the natural environment.<sup>21</sup> The overarching objective is to support the energy transition and achieve climate neutrality by 2035. The strategy was developed following the GRI guidelines and the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD).</p>
<p><b>ESG goals/targets</b></p>	<p>To achieve its strategic ESG topics, EnBW has set the following ambitious goals, as outlined in its sustainability agenda:</p> <ul style="list-style-type: none"> <li>▪ <b>Climate Protection:</b> Reduce Scope 1 and Scope 2 carbon emissions by 83% by 2035, based on the reference year of 2018. Any remaining residual emissions will be offset through recognized climate change mitigation projects, excluding the supply chain. Scope 3 emissions will be reduced by 43% over the same period.</li> <li>▪ <b>Interim Targets:</b> On the path to climate neutrality, EnBW aims to reduce GHG emissions by around 50% by 2027 and by 70% by 2030.</li> <li>▪ <b>Renewable Energy Investment:</b> Expand the installed capacity of renewable energies to 10.0 GW-11.5 GW, which means a share of the generation capacity of 75%-80% by 2030. The focus will be on offshore wind power, onshore wind power, and photovoltaic (PV) projects.</li> <li>▪ <b>SBTi Validation:</b> These targets have been validated by the independent Science Based</li> </ul>

<sup>21</sup> EnBW's Integrated Annual Report 2023: <https://www.enbw.com/integrated-annual-report-2023/>.

	<p>Targets initiative (SBTi) as aligned with the 1.5°C pathway of the Paris Agreement.</p> <p>These targets are publicly disclosed and monitored annually in EnBW's Sustainability Report, ensuring transparency and accountability in the company's sustainability efforts.</p>
<p><b>Action plan</b></p>	<p>EnBW has established a comprehensive action plan and significant financial commitments as part of its EnBW 2025 strategy to achieve its ESG targets and drive sustainable growth:</p> <ul style="list-style-type: none"> <li>▪ <b>Investment Plan:</b> EnBW has planned a gross investment of around EUR 40 billion in the energy transition by 2030, around 90% of which is earmarked for Germany. This investment is focused on several key areas:             <ul style="list-style-type: none"> <li>▪ <b>Grid Expansion:</b> Significant investments are directed towards the expansion of the grid infrastructure, including major projects like SuedLink and ULTRANET, to ensure a stable future energy supply in Germany.</li> <li>▪ <b>Renewable Energies:</b> EnBW is investing heavily in the expansion of renewable energies, such as the EnBW He Dreiht offshore wind farm and the construction of H2-ready gas power plants, both in Germany.</li> <li>▪ <b>Smart Infrastructure for Customers:</b> Further developments in broadband, telecommunications and electromobility, including plans to operate around 30,000 fast-charging points in Germany by 2030. EnBW is increasing its investment in e-mobility to approximately EUR 200 million per year.</li> </ul> </li> <li>▪ <b>Sustainability Integration:</b> Since the 2021 financial year, EnBW has integrated sustainability aspects into the assessment of its investment projects, alongside economic and strategic factors. Moving forward, EnBW will align its investment decisions even more closely with sustainability criteria to support</li> </ul>

	its growth strategy.
<b>Climate Transition Strategy</b>	<p>EnBW has an action plan to achieve climate targets.<sup>22</sup> The measures to be undertaken are as follows:</p> <p><b>Scope 1:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Switching Power Plants:</b> New H2-ready gas power plants in Heilbronn, Altbach-Deizisau, and Stuttgart-Münster are under construction to replace coal-fired power plants by 2026.</li> <li>▪ <b>Phasing Out Coal:</b> EnBW plans to phase out the remaining coal-fired power generation by the end of 2028.</li> <li>▪ <b>Developing Hydrogen Infrastructure:</b> EnBW is investing in the development of hydrogen infrastructure to support the transition.</li> <li>▪ <b>Climate Neutral Gases:</b> The company will switch to climate-neutral gases like green hydrogen from the mid-2030s onwards.</li> </ul> <p><b>Scope 2:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Using Green Electricity:</b> EnBW will utilize green electricity to power its operations, reducing Scope 2 emissions.</li> </ul> <p><b>Scope 3:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Climate Neutrality in Heating Sector:</b> EnBW will support climate neutrality in the heating sector to reduce emissions from the gas business.</li> <li>▪ <b>Increasing Green Gases:</b> The company aims to increase the proportion of green gases in its sales portfolio and develop hydrogen infrastructure.</li> </ul>
<b>ESG Risk and Sustainability</b>	EnBW has a comprehensive ESG risk and

<sup>22</sup> EnBW's Climate Transition Plan: <https://www.enbw.com/media/konzern/images/nachhaltigkeit/enbw-climate-transition-plan-2024.pdf>.

<p><b>Strategy Management</b></p>	<p>sustainability management system based on the COSO II framework and IDW requirements. The integrated opportunity and risk management system (iRM) identifies, evaluates, manages and reports on risks and opportunities holistically, including those related to climate protection, following TCFD recommendations.</p> <p>The CEO oversees corporate development and sustainability, with the sustainability department reporting directly to him and participating in major decisions. Key committees such as the CSR Committee, the Environmental Steering Committee and the Corporate Environment Committee handle ecological issues at various levels.</p> <p>The central risk management and ICS functional unit defines methods and processes for the Group, while the Risk Committee addresses relevant issues and top risks. Opportunities and risks are assessed using a gross evaluation process, with regular reports and reviews ensuring effective management.</p> <p>The sustainability agenda, monitored by the sustainability department and integrated into all major decisions, identifies climate-related risks and opportunities through the iRM. This approach ensures that sustainability is a core component of EnBW's strategy and operations.</p>
<p><b>Top three areas of breaches of international norms and ESG controversies in the industry<sup>23</sup></b></p>	<p>Environmentally safe operation of plants and infrastructure, worker safety and accident prevention, and protection of human rights and community outreach.</p>
<p><b>Breaches of international norms and ESG controversies by the Issuer</b></p>	<p>At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.</p>
<p><b>Sustainability Reporting</b></p>	<p>EnBW reports on its ESG performance and initiatives annually. The report is prepared according to the</p>

<sup>23</sup> Based on a review of controversies identified by ISS-Corporate over a two-year period, the top three issues that have been reported against companies within the multi-utilities industry are displayed above. Please note that this is not a company-specific assessment but rather areas that can be of particular relevance for companies within that industry.

	<p>Global Reporting Initiative (GRI) guidelines and aligns with the EU Non-Financial Reporting Directive (NFRD). EnBW discloses information on governance, strategy, risk management, metrics and targets in line with the recommendations of the TCFD. This comprehensive reporting ensures transparency and accountability in EnBW’s sustainability efforts, covering financial and non-financial performance indicators to provide stakeholders with a clear view of the company's progress and commitments.</p>
<p><b>Industry associations, Collective commitments</b></p>	<p>EnBW is a member of the following initiatives: U.N. Global Compact, Better Coal, TCFD, German Federal Government Sustainable Finance Committee, Econsense, WIN business sustainability initiative, KlimaWirtschaft Foundation</p>
<p><b>Previous sustainable/sustainability-linked issuances or transactions and publication of Green Financing Framework</b></p>	<p>EnBW has already issued multiple green financing instruments with a total volume of EUR 5.5 billion, since it announced its first Green Financing Framework in 2018.<sup>24</sup> It has given the Issuer the ability to finance multiple renewable energy projects (onshore wind, offshore wind, solar/PV), power grids (power distribution networks), and infrastructure related to clean transportation.</p> <p>EnBW regularly monitors its green funding framework and verifies its sustainability quality by involving external parties’ opinions (ISS-Corporate).</p>

*Rationale for issuance*

EnBW’s sustainable financial products are intended to contribute to the achievement of its climate transition goals (reduce Scope 1 and Scope 2 carbon emissions by 83% by 2035, based on the reference year of 2018) and the realization of the U.N.’s Sustainable Development Goals. In addition, the green financing instruments add sustainability into the liabilities side of the company’s balance sheet, which would bring sustainable finance to a broader range of the company’s stakeholders.

**Opinion:** *The key sustainability objectives and the rationale for issuing green financing instruments are clearly described by the Issuer. All of the project categories financed are in line with the Issuer’s sustainability objectives.*

<sup>24</sup> Sustainable Financing EnBW: <https://www.enbw.com/company/sustainability/sustainable-finance/>.



## DISCLAIMER

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## ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-green-social-and-sustainability-bond-loan-spo-methodology-summary.pdf>.

### EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Financing Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2023).

The evaluation shows if EnBW project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by EnBW (e.g., Due Diligence Reports). Furthermore, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

## ANNEX 2: QUALITY MANAGEMENT PROCESSES

### SCOPE

EnBW commissioned ISS-Corporate to compile a green financing instruments SPO. The second-party opinion process includes verifying whether the Green Financing Framework aligns with the GBP and GLP and assessing the sustainability credentials of its green financing instruments, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this second-party opinion:

- Green Bond Principles
- Green Loan Principles
- EU Taxonomy

### ISSUER'S RESPONSIBILITY

EnBW's responsibility was to provide information and documentation on:

- Framework
- Selection criteria

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is a part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the green financing instruments to be issued by EnBW has been conducted based on proprietary methodology and in line with the GBP and GLP. The engagement with EnBW took place between June and July 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g. the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so that investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com).

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