

Eurogrid GmbH

Post-Issuance Verifier's Report – October 2022

In May 2020, Eurogrid GmbH issued its debut Green Bond to (re)finance the projects from the category “Marine Renewables”. The Issuer has commissioned imug rating as an independent approved verifier of the Climate Bond Initiative (CBI) to provide the Post-Issuance Verification with limited assurance of the

Green Bond. The findings below are based on our assessment of the Green Bond, the related Nominated Projects & Assets and the Issuer’s internal systems and procedures in accordance with the Climate Bonds Standard Version 3.0 from the CBI.



Nothing has come to imug rating’s attention that causes us to believe that, in all material respects Eurogrid GmbH’s 2020 Green Bond is not in conformance with the Climate Bonds Standard’s Post-Issuance Requirements.

CLIMATE BONDS STANDARD v3.0



Post-Issuance Requirements

- Use of Proceeds
- Process for Evaluation and Selection of Projects & Assets
- Management of Proceeds
- Reporting

Eligibility of Projects & Assets

- Climate Bonds Taxonomy
- Sector Eligibility Criteria

OPINION



Eurogrid GmbH’s core business in the field of energy realised through its subsidiary 50Hertz Transmission GmbH (hereafter: “50Hertz”) and 50Hertz’s subsidiary 50Hertz Offshore GmbH (hereafter: “50Hertz Offshore”) includes, in particular, investments in electric utility assets and the provision of services for its customers. Eurogrid GmbH issued its debut Green Bond in 2020 under its debt issuance programme to fund green projects of 50Hertz Offshore.

Based on the limited assurance procedures conducted and the evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects Eurogrid’s 2020 Green Bond is not in conformance with the Climate Bonds Standard’s Post-Issuance Requirements.

1. ENGAGEMENT SUMMARY

This Verifier's Report draws its conclusions from the following information:

BASIC INFORMATION	
Legal name of the Issuer	Eurogrid GmbH
Unique name of the Bond	EUR 750,000,000 1.113 percent. "Green" Unsecured and Unsubordinated Notes due 2032
Identifier of the Bond	ISIN: XS2171713006
Verifier company name	imug rating GmbH
Period covered by the Verifier's report	From 5 September 2022 to 6 October 2022

SCOPE OF WORK

Eurogrid GmbH commissioned imug rating to prepare a Verifier's Report for the post-issuance certification of its Green Bond by the Climate Bonds Initiative. The Climate Bonds certification process verifies compliance with the provisions of the Climate Bonds Standards issued by the CBI and obtains evidence for verification.

INDEPENDENCE AND QUALITY CONTROL

imug rating has carried out a verification of Eurogrid's Green Bond, issued to finance two marine renewable energy transition projects, and has issued an independent opinion informing Eurogrid that the Green Bond conforms to the Post-Issuance requirements and the Marine Renewable Energy criteria of the Climate Bonds Standard.

imug rating has relied on the information and facts provided by Eurogrid in relation to the nominated projects. imug rating is not responsible and cannot be held liable if the opinions, findings or conclusions set out herein are incorrect due to inaccurate or incomplete data provided by Eurogrid.

RESPONSIBILITIES OF EUROGRID

Eurogrid is responsible for providing accurate information and documentation on the details of the funded projects, including the description of the projects and the amounts disbursed.

RESPONSIBILITIES OF IMUG RATING

imug rating conducted the verification in accordance with the Climate Bonds Standard Version 3.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000) – Assurance Engagements other than Audits or Reviews of Historical Information.

The work undertaken as part of this engagement included interviews with relevant Eurogrid employees and review of relevant documentation to verify conformance of Eurogrid's Green Bond with the Post-Issuance Requirements (Part B and Part C) and the Marine Renewable Energy criteria (dated October 2017) of the Climate Bonds Standard Version 3.0.

DISTRIBUTION AND USE OF THE REPORT

The report of factual findings for Climate Bonds Certification including all documentation provided alongside is intended for the use of Eurogrid and the Climate Bonds Standard Board. The present document may be disseminated by Eurogrid, CBI and imug rating. CBI and imug rating agree to publish the report with the consent of Eurogrid.

A handwritten signature in blue ink, appearing to read "M. Grünewald".

Markus Grünewald
Head of Research – imug rating
Hanover, 6 October 2022

2. BACKGROUND

imug rating has been commissioned to provide a Post-Issuance Verifier's Report on the May 2020 Green Bond Issuance of Eurogrid GmbH (hereafter referred to as "Eurogrid", "the Company" or "the Issuer"). The assessment of the Post-Issuance processes took into consideration the requirements of Climate Bonds Standard Version 3.0 Post-Issuance Certification.

Eurogrid GmbH

In May 2020, Eurogrid issued its debut Green Bond amounting to EUR 750 million and used the proceeds of the issuance to (re)finance eligible projects in the category "Marine Renewable Energy". The expansion of the national grid infrastructure through the offshore projects Ostwind 1 and Ostwind 2 has enabled access to renewable energy and increased the number of connected households. This has contributed to the reduction and avoidance of CO₂ emissions.

The eligible projects have been implemented by the subsidiary 50Hertz Offshore GmbH. Both Ostwind 1 and Ostwind 2 projects fall under the "Marine Renewable Energy" sector criteria of the Climate Bonds Standard.

Headquartered in Berlin, Eurogrid GmbH is a German company whose shares are divided between the Eurogrid International SA/NV (80 percent), which is a subsidiary of the Belgian Elia Group SA/NV, and the German *Kreditanstalt für Wiederaufbau* (KfW; 20 percent). Eurogrid invests in electric utility assets and, through its subsidiary 50Hertz, provides support services to its customers.

50Hertz Transmission GmbH is a wholly owned subsidiary of Eurogrid GmbH. As one out of four transmission system operators in Germany, 50Hertz is responsible for the operation, maintenance, planning and expansion of the 380/220 kilovolt transmission grid in the German Federal States of Thuringia, Saxony, Saxony-Anhalt, Brandenburg, Berlin, Mecklenburg-Western Pomerania and Hamburg. The German federal regulator "Bundesnetzagentur" (Federal Network Agency) regulates the Company. The Company's electricity grid has a total length of approximately 10,000 kilometres, in which the share of renewable energies in electricity consumption has ranged between 56.1 and 62 percent in the last three years. By 2032, 50Hertz aims to cover all electricity consumption in its grid area with 100 percent renewable energy.

50Hertz Offshore GmbH, in turn, is a wholly owned subsidiary of 50Hertz Transmission GmbH. The business model focuses on the planning, erecting, owning and operation of electricity grids between offshore wind farms in the Baltic Sea and the German onshore electricity grid.

imug rating conducted the assessment from the beginning of September to the beginning of October 2022. Eurogrid GmbH management provided all the relevant documents, and imug rating was in direct contact with the relevant employees. The information we received has allowed us to provide a limited assurance opinion on the Issuer' compliance with the above-mentioned guidelines.

3. METHODOLOGY

The present report was prepared by qualified imug rating analysts. Our sustainability research is carried out exclusively in accordance with recognised and methodically secured procedures. We have defined strict quality standards for all research activities and customer processes. As early as 2002, imug rating adopted a Code of Conduct, which guarantees the independence, traceability and quality of sustainability assessments. To align its research and work processes even more closely with recognised standards, imug rating underwent an external audit in June 2019 and received certification in accordance with the quality management standard ISO 9001:2015. The initial certifications are reviewed in regular monitoring audits, the last of which took place in April 2022. imug rating has been recognised as an Approved Verifier by the Climate Bonds Standard Board of the Climate Bonds Initiative (CBI) on 8 July 2022 and can therefore be commissioned by Issuers to prepare a pre- and post-issuance report in accordance with the Climate Bonds Standard & Certification Scheme.

Following a detailed examination of the information on the financial instrument, the related nominated projects & assets and the Issuer's internal systems and procedures provided by the Issuer, imug rating confirms whether a financial instruments complies with the post-issuance requirements of the Climate Bonds Standard (Version 3.0).

To obtain verification, the Issuer must provide transparent information on the following points:

- (1) Technical aspects of nominated projects & assets that are required to be met under Part C of the Climate Bonds Standard,
- (2) The systems and processes implemented by the Issuer to monitor the flow of funds towards the nominated projects & assets or the earmarking approach used to identify nominated projects & assets,
- (3) Aspects of the structure of the financial instrument, which may require further understanding. For this purpose, imug rating sends two questionnaires to the Issuer. In addition to the information, discussions with relevant employees of the Issuer and publicly available information form the information basis for the present report. These sources were only used if the information was comprehensible and documented.

Based on provided information imug rating undertakes a Limited Assurance Verification Engagement and provides the Issuer with an independent post-issuance verification report on the conformance with the Climate Bonds Standard's Post-Issuance Requirements. According to the agreement with the Climate Bonds Initiative, imug rating does not decide on the certification of the bond. All certification decisions under the Climate Bonds Standard & Certification Scheme are made by the Climate Bonds Standard Board based on information provided by the Issuer, including the report the Issuer has received from imug rating as an accredited verifier.

Transparency & Disclaimer

imug rating conducted the assurance verification in accordance with the International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Disclosure of the relation between imug rating and the Issuer: imug rating, in cooperation with Vigeo Eiris (now Moody's ESG Solutions) has carried out a Second Party Opinion for Eurogrid GmbH in the year 2020 as well as a further Second Party Opinion for the Issuer in the year 2022. These activities are not related to the present Post-Issuance Verifier's Report. There is no relationship, financial or otherwise, between imug rating and the Issuer.

imug rating has prepared this independent Post-Issuance Verifier's Report in accordance with imug rating's methodology and in strict compliance with its Code of Conduct to avoid conflicts of interest and to meet requirements of objectivity and transparency, independence, integrity and professional conduct.

imug rating GmbH ("imug rating") is an independent sustainability rating agency and a wholly owned subsidiary of imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH ("imug Beratungsgesellschaft"). imug rating cannot exclude that the division imug | csr of the parent company imug Beratungsgesellschaft may have provided consulting services for the framework of the Issuer prior to the preparation of a Second Party Opinion. In order to avoid any conflict of interest, imug rating and imug Beratungsgesellschaft have implemented appropriate policies and effective information barriers to prevent any exchange between the consulting and the auditing organisations and employees. Neither imug Beratungsgesellschaft nor any of its employees are informed about the content of the imug rating Second Party Opinion prior to its publication or dissemination.

In providing the Post-Issuance Verifier's Report, imug rating refers to requirements of the Guidance for Verifiers (Version 2.0) from the Climate Bonds Initiative.

In providing its research and rating services, imug rating acts with due skill, care and diligence and undertakes all reasonable efforts to ensure the accuracy of the information provided.

Based on data provided by the Issuer, imug rating prepares a Post-Issuance Verifier's Report on the compliance of the Bond(s) with the Climate Bonds Standard (Version 3.0). The information contained herein therefore is provided "as is", without warranty, either expressed or implied, of any kind, including as to the accuracy, completeness, timeliness, merchantability or fitness for any particular purpose.

The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by imug rating focuses neither on the financial performance of the Bond, nor on the effective allocation of its proceeds. imug rating is not responsible for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

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imug rating GmbH
Postkamp 14a
30159 Hanover
Phone: +49 511 121 96-50
E-mail: info@imug-rating.de
Web: www.imug-rating.de/en

Analysts
► Alexander Thole
► Christina Tyca
► Daria Ezhkova
► Gökhan Vatansever



ANNEX: DETAILED FINDINGS

Eurogrid has declared that the net proceeds of its 2020 Green Bond were used for two marine renewable energy transition projects from the CBI category “Marine Renewable Energy”, namely Ostwind 1¹ and Ostwind 2², as described in Eurogrid’s 2020 Green Bond Framework. The Issuer has been prompt in providing information to the Verifier. We believe that the procedures performed and the evidence we have obtained are sufficient and appropriate to support our findings. Some of the evidence on which our report is based are the following: 2020 Green Bond Framework, Green Bond Report 2020 and 2021, the completed questionnaires for the Post-Issuance Certification Checklist and the Eligibility Criteria for Marine Renewable Energy Assets.

imug rating has assessed Eurogrid’s 2020 Green Bond and the nominated projects and assets against criteria and requirements detailed within the Climate Bonds Standard Version 3.0.

The order of the findings in this Annex is as follows:

- Part B: Post-Issuance Requirements
 - ▶ Use of Proceeds
 - ▶ Process for Evaluation and Selection of Projects & Assets
 - ▶ Management of Proceeds
 - ▶ Reporting
- Part C: Eligibility of Projects & Assets
 - ▶ Climate Bonds Taxonomy
 - ▶ Sector Eligibility Criteria - Marine Renewable Energy

PART B: POST-ISSUANCE REQUIREMENTS

5. Use of Proceeds

CLIMATE BONDS STANDARD REQUIREMENTS	FACTUAL FINDINGS	ALIGNMENT
5.1. The Net Proceeds of the Bond shall be allocated to the Nominated Projects & Assets.	▶ All proceeds were allocated to the nominated assets in the category “Marine Renewable Energy”.	✓
5.2. All nominated Projects & Assets shall meet the documented objectives of the Bond as stated under Clause 6.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.	▶ Eurogrid has assessed all projects against its eligibility criteria. The projects meet the documented objectives of the Bond and are in conformance with the requirements of Part B of the Climate Bonds Standards as well as the sector-specific criteria of the Climate Bond eligibility criteria on Marine Renewable Energy.	✓
5.3. The Issuer shall allocate the Net Proceeds to Nominated Projects & Assets within 24 months of issuance of the	▶ The full amount of the net proceeds were allocated to nominated assets within 17 months after the issuance.	✓

¹<https://www.50hertz.com/en/Grid/Griddevelopment/Concludedprojects/Ostwind1>

²<https://www.50hertz.com/en/Grid/Griddevelopment/Offshoreprojects/Ostwind2>

Bond, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.		
5.4. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that: <ul style="list-style-type: none"> 5.4.1. distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or; 5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument. 	<ul style="list-style-type: none"> ► Eurogrid reports and confirms that the nominated assets have not been nominated to other Climate Bonds. 	(✓)
5.5. Where some of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects & Assets may be refinanced. This may include the expected look-back period for refinanced Nominated Projects & Assets.	<ul style="list-style-type: none"> ► As stated in the audited Green Reporting 2021, the share of refinancing in the total net proceeds is 55.8 percent. The share of refinancing in the proceeds for "Ostwind 1" is 97.0 percent and for "Ostwind 2" 43.0 percent. Eurogrid refinanced investments in both projects made on 1 July 2018 and thereafter. 	(✓)
5.6. The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process, which is documented in accordance with Clause 3.1.	<ul style="list-style-type: none"> ► The net proceeds of the Bond are managed on a portfolio basis. There is an internal process to monitor and track net income through the internal accounting system. An external independent third party, BDO AG, has verified the allocation. 	(✓)
5.7. The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets, which are owned or financed by the Issuer.	<ul style="list-style-type: none"> ► Eurogrid reports and confirms that the net proceeds of the Bond are no greater than the total investments in the nominated assets. The net proceeds were fully allocated. 	(✓)

<p>5.8. Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond's objective as set out in Clauses 6.1 and 6.1.1.</p> <p>5.8.1. Where additional Nominated Projects & Assets are covered by Sector Eligibility Criteria, which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier's Report covering at least the conformance of the additional Nominated Projects & Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.</p>	<ul style="list-style-type: none"> ► There is no additional, substituted or replenished project apart from the two nominated projects. 	
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6. Process for Evaluation and Selection of Projects & Assets

CLIMATE BONDS STANDARD REQUIREMENTS	FACTUAL FINDINGS	ALIGNMENT
6.1. The Issuer shall document and maintain a decision-making process, which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:	<ul style="list-style-type: none"> ► Eurogrid has confirmed the decision-making process by which it determined the continued eligibility of the nominated assets. All the requirements mentioned are included. The process is documented in the 2020 Green Bond Framework. 	
6.1.1. A statement on the climate-related objectives of the Bond;	<ul style="list-style-type: none"> ► In its Framework, Eurogrid describes the main environmental objectives for all projects. 	
6.1.2. How the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;	<ul style="list-style-type: none"> ► In its Framework, Eurogrid describes how the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability. 	
6.1.3. The Issuer's rationale for issuing the Bond;	<ul style="list-style-type: none"> ► In its Framework, Eurogrid describes its rationale for issuing the Bond. 	
6.1.4. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;	<ul style="list-style-type: none"> ► In its Framework, Eurogrid describes the process to determine whether the nominated assets meet the eligibility requirements. 	
6.1.5. Other information provided by the Issuer in order to satisfy Clause 2.2 and 2.3 of the Standard.		

7. Management of Proceeds

CLIMATE BONDS STANDARD REQUIREMENTS	FACTUAL FINDINGS	ALIGNMENT
7.1. The Net Proceeds of the Bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.	► The net proceeds of the Bond were credited to Eurogrid's general treasury and managed on a portfolio basis within four weeks after the issuance. Thereafter, they were transferred in full via 50Hertz Transmission to a separate green bond sub-account of 50Hertz Offshore. During the allocation process, the corresponding amounts from this sub-account were transferred to the main account of 50Hertz Offshore. The Issuer identifies and documents the net proceeds in an appropriate manner.	
7.2. The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3.	► The net proceeds of the Bond are fully allocated through Eurogrid's ad hoc subsidiaries.	
7.3. While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects & Assets. Pending such allocations to Nominated Projects & Assets, the balance of unallocated Net Proceeds shall be:	► The full amount of the net proceeds were allocated to nominated assets within 17 months after the issuance. Funds not yet allocated were temporarily held in cash or cash equivalents in the Eurogrid cash pool and not invested in greenhouse gas intensive projects.	
7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or 7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low-carbon and climate-resilient economy; or 7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.		

8. Reporting

CLIMATE BONDS STANDARD REQUIREMENTS	FACTUAL FINDINGS	ALIGNMENT
8.1. The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding.	► Eurogrid has published two annual Green Bond Reports for the years 2020 and 2021.	
8.1.2. The Update Report shall be made available to holders of the Bond and to the Climate Bonds Standard Board.	► The reports are publicly available on the Issuer's website: https://www.eurogrid.com/en-us/Investor-Relations/Green-Financing	
8.1.3. The Issuer should provide an Update Report to holders of the Bond on a timely basis in case of material developments.	► No material developments were reported.	

PART C: ELIGIBILITY OF PROJECTS & ASSETS

9. Climate Bonds Taxonomy

CLIMATE BONDS STANDARD REQUIREMENTS	FACTUAL FINDINGS	ALIGNMENT
Alignment of the Climate Bond category	► Nominated Projects, as identified by the Issuer, fall into one of the investment areas listed as included in the Climate Bonds Taxonomy.	

10. Sector Eligibility Criteria

CLIMATE BONDS STANDARD REQUIREMENTS	FACTUAL FINDINGS	ALIGNMENT
Sector-specific eligibility criteria – Marine Renewable Energy	► The full amount of the net proceeds is distributed to eligible assets related in the aforementioned category that meet the eligibility requirements of the Climate Bonds Standards. These requirements consist of Marine Renewable Energy specific Disclosure Component, Mitigation Component and Adaptation & Resilience Requirements, all of which were analysed upon receipt of the completed questionnaire from the Issuer.	