



# Second-Party Opinion

## Amprion Green Finance Framework

### Evaluation Summary

Sustainalytics is of the opinion that the Amprion Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, Sustainable and Secure Transmission Systems, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category are expected to enhance access to electricity, support the integration of renewable energy, improve grid resilience and contribute to the decarbonization of the energy system in Germany, and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.



**PROJECT EVALUATION / SELECTION** Amprion’s Green Finance Committee (the “Committee”) will evaluate, select and monitor eligible projects. The Committee consists of representatives from the sustainability, corporate finance, investor relations, asset management and network projects departments. Amprion has internal processes to address environmental and social risks associated with the eligible assets. Sustainalytics considers these processes to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Amprion’s Green Finance Committee will be responsible for the management and allocation of proceeds to eligible projects through a green financing register. Amprion intends to allocate all proceeds within one year of issuance and commits to reach full allocation within a maximum of 24 months from issuance. Pending allocation, unallocated proceeds will be temporarily invested according to Amprion’s general liquidity guidelines. This is in line with market practice.



**REPORTING** Amprion intends to report on the allocation of proceeds on its website on an annual basis. This report will include a description of the portfolio of eligible assets, the type of green financing instruments issued and corresponding outstanding amounts, the share of financing versus refinancing and information on temporarily invested unallocated proceeds. In addition, Amprion is committed to reporting on relevant impact metrics. Sustainalytics views Amprion’s allocation and impact reporting commitments as aligned with market practice.

**Evaluation date** August 1, 2022

**Issuer Location** Dortmund, Germany

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## Introduction

Amprion GmbH (“Amprion” or the “Company”) is a transmission system operator headquartered in Dortmund, Germany, with approximately 11,000 km of transmission lines. In addition to transporting electricity within Germany, Amprion also provides interconnection to the Netherlands, France, Switzerland, Belgium and Austria. The Company has approximately 30 regional operating sites and project offices across Germany and employs 2,200 people as of May 2022.

Amprion has developed the Amprion Green Finance Framework dated August 2022 (the “Framework”) under which it intends to issue green bonds (including hybrid bonds),<sup>1</sup> loans and commercial papers. Amprion intends to use the proceeds to finance or refinance, in whole or in part, existing and future projects to enhance access to electricity with increasing infeed from renewable energies to the grid in Germany. The Framework defines eligibility criteria in the following green category:

### 1. Sustainable and Secure Transmission Systems

Amprion engaged Sustainalytics to review the Amprion Green Finance Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>2</sup> and the Green Loan Principles 2021 (GLP).<sup>3</sup> The Framework will be published in a separate document.<sup>4</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>5</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Amprion’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Amprion representatives have confirmed that: (1) they understand it is the sole responsibility of Amprion to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Amprion.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market

<sup>1</sup> Amprion has confirmed to Sustainalytics that hybrid bonds will not include convertible bonds.

<sup>2</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>3</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

<sup>4</sup> The Amprion Green Finance Framework will be available at: <https://www.amprion.net/Amprion/Investor-Relations/Creditor-Relations/Green-Finance-Framework-2.html>.

<sup>5</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Amprion is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Amprion has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Amprion Green Finance Framework

Sustainalytics is of the opinion that the Amprion Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible category, Sustainable and Secure Transmission Systems, is aligned with those recognized by the GBP and GLP. Sustainalytics expects the projects financed under the Framework to enhance access to electricity, support the integration of renewable energy, improve grid resilience and contribute to the decarbonization of the energy system in Germany.
  - Amprion has defined a look-back period of 36 months for refinancing under the Framework, which Sustainalytics considers to be in line with market expectations.
  - Under the Sustainable and Secure Transmission Systems category, Amprion may finance or refinance the development, upgrade, expansion and acquisition of grid infrastructure including stations and interconnectors. The Company will invest in the following types of projects:
    - Grid connection offshore: Connections between offshore renewable energy projects and onshore substations through interconnectors, converter platforms and substation facilities.
    - Onshore direct current (DC) projects and converters: DC lines, stations and interconnectors within the European grid.
    - Onshore alternating current (AC) projects and substations: AC transmission grid and interconnectors within the European grid.
  - Sustainalytics notes that proceeds will not be directed to connect new fossil fuel nor nuclear power plants to the grid, which is in line with market practice.
  - Amprion's transmission lines are part of the interconnected European system. Additionally, Sustainalytics notes that 100% of the electricity generation capacity added in Germany over the last five years has been derived from renewable sources below the emissions threshold of 100 gCO<sub>2e</sub>/kWh.<sup>6</sup> Therefore, Sustainalytics considers the above-mentioned investments as aligned with market practice.
- Project Evaluation and Selection:
  - Amprion has established a Green Finance Committee (the "Committee"), chaired by the Company's Sustainability Head and the Sustainability Officer. The Committee is formed by representatives from the Company's sustainability, corporate finance, investor relations, asset management and network projects departments. The Committee is responsible for evaluating, selecting and monitoring eligible assets against the eligibility criteria set in the Framework.

<sup>6</sup> Clean Energy Wire, "Germany's energy consumption and power mix in charts", (2021), at: <https://www.cleanenergywire.org/factsheets/germanys-energy-consumption-and-power-mix-charts>

- Amprion will identify, manage and mitigate environmental and social risks through internal procedures, which will be overseen by a Sustainability Steering Committee. This process is applicable to all allocation decisions made under the Framework. Sustainalytics considers this risk management process to be adequate and aligned with market expectations. For additional details, please see Section 2.
- Based on the defined role and responsibility for project evaluation and selection and the presence of risk management processes, Sustainalytics considers Amprion's project evaluation and selection process to be in line with market expectations.
- Management of Proceeds:
  - The Green Finance Committee will be responsible for the management of proceeds and will track the allocation of proceeds using a green financing register which will be reviewed annually.
  - The Company intends to reach full allocation within 12 months, and no later than 24 from the issuance of any instrument. Pending allocation, proceeds will be temporarily invested according to Amprion's general liquidity guidelines.
  - Based on the presence of a green financing register and disclosure of temporary allocation of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Amprion is committed to reporting on the allocation of proceeds on an annual basis, and where feasible on the corresponding impact within a Green Finance Investor Report which will be available on the Company's website.
  - Allocation reporting will include a description of the portfolio of eligible assets, the type of green financing instruments issued and corresponding outstanding amounts, the share of financing versus refinancing and information on temporarily invested unallocated proceeds.
  - Where feasible, impact metrics may include annual GHG emissions reduced or avoided (tCO<sub>2</sub>e) and the number of households supplied with 100% of renewable energy in a full year.
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the Amprion Green Finance Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of Amprion

### Contribution of the Framework to Amprion's sustainability strategy

Sustainalytics is of the opinion that Amprion demonstrates a commitment to sustainability through developing long-term solutions for a climate-neutral energy system. Amprion's sustainability strategy focuses on five areas: (i) secure power system, which defines how the Company will expand and upgrade the grid while maintaining high system security and decarbonize the energy system; (ii) environment and biodiversity, which includes nature, species and resource conservation, and climate protection; (iii) employees, which addresses workplace health and safety and personnel development; (iv) society and customers, which highlights the Company's stakeholders' engagement processes; and (v) corporate governance, which includes supply chain management and compliance.<sup>7</sup>

In 2022, Amprion developed a climate strategy and set clear targets to reduce its operational footprint (scope 1 and 2 CO<sub>2</sub> emissions). Although a reduction target is currently being developed for emissions that occur in the value chain (scope 3), the Company communicated to Sustainalytics that intends to align its decarbonization efforts with the Science Based Target initiative's 1.5°C pathway.<sup>8,9</sup> Between 2022 and 2026, Amprion intends to invest EUR 12 billion in grid expansion and upgrade 3,900 km of power lines, increasing security and efficiency in Germany's energy system with increasing infeed of renewable energy into the grid.<sup>10</sup> Amprion also intends to install a new generation of conductor cables and develop new technologies such as

<sup>7</sup> Amprion GmbH, "Sustainability Strategy", at: <https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion-CSR-Report-EN.pdf>

<sup>8</sup> Amprion GmbH, "Amprion Sets Target for CO<sub>2</sub> Reductions", (2022), at: [https://www.amprion.net/Press/Press-Detail-Page\\_43648.html](https://www.amprion.net/Press/Press-Detail-Page_43648.html)

<sup>9</sup> More information on the business ambition for a 1.5 degree emission reduction pathway set by the Science Based Target initiative is available at: <https://sciencebasedtargets.org/business-ambition-for-1-5c/>

<sup>10</sup> Amprion GmbH, "Sustainability Report 2021", (2022), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-Update\\_2021.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-Update_2021.pdf)

high-voltage direct current transmission systems that are expected to result in better regulation of current flows and lower transmission losses over long distances. In terms of cross-border expansion, Amprion is building interconnections to Austria, France, Belgium, Luxembourg and Switzerland.<sup>11</sup> Furthermore, Amprion is planning four offshore wind grid connection systems, which are expected to be operational in 2028, 2029, 2031 and 2033.<sup>12</sup> In order to develop industry-wide energy transition solutions, Amprion aims to carry out five cooperation projects with scientific research institutions by 2024, one of which in cooperation with the Technical University of Kaiserslautern to test grid operation with 100% renewables.<sup>13</sup> Another research project, together with the Fraunhofer Institute for Energy Economics and Energy System Technology (IEE) and the German Meteorological Service (DWD) focuses on expected wind and solar power feed-ins into the German interconnected grid.<sup>14</sup>

As of 2021, 40% of Amprion's transmission volume was derived from renewable energy sources. The volume is expected to continually grow based on Germany's current transition plan, which has led to an increased electricity generation capacity derived entirely from renewable sources over the last five years.<sup>15</sup> Amprion also participated in an 2016-2019 EU research project focused on developing solutions for important technical issues linked to grid stability, grid quality, control and the security of supply that arise from the integration of renewables.<sup>16,17</sup> Amprion is also investigating how the feed-ins of solar energy can be better forecasted, particularly during extreme weather events.<sup>18</sup>

Sustainalytics is of the opinion that the Amprion Green Finance Framework is aligned with the Company's overall sustainability strategy and initiatives, and will further Amprion's actions on its key sustainability priority, a secure power system.

#### **Approach to managing environmental and social risks associated with the projects**

Sustainalytics recognizes that the net proceeds from the debt instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include energy system security and efficiency, land use and biodiversity issues associated with large-scale infrastructure development, waste management, operational emissions, supply chain, occupational health and safety, community relations and stakeholder engagement.

Sustainalytics is of the opinion that Amprion is able to manage or mitigate potential risks through implementation of the following:

- To tackle fluctuation in the generation of electricity from renewables due to dependence on weather patterns, Amprion's operation and control uses artificial intelligence to accurately forecast the amount of electricity to be fed into the grid, therefore preventing loss of electricity.<sup>19</sup> Furthermore, Amprion conducts and documents safety inspections in its operational areas in accordance with the Company's 2022 operational safety manual.<sup>20</sup>
- Amprion has established an ecological route management for overhead lines, tackling land use and biodiversity issues, involving employees specialized in route maintenance and focusing on dialogue with authorities and nature conservation associations. The approach is to divide overhead line routes into maintenance units to ensure that maintenance measures can be adjusted with respect to local conditions and system safety. Moreover, Amprion has a biotope management policy in place for power line route maintenance, including measures referring to the nurturing of flora and fauna typical of the local region, soil protection when laying underground cabling, water conservation and species protection.<sup>21,22</sup>

<sup>11</sup> Amprion GmbH, "Sustainability Report 2020", (2021), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-2020.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-2020.pdf)

<sup>12</sup> Information shared to Sustainalytics on a discretionary basis.

<sup>13</sup> Amprion GmbH, "Sustainability Report 2020", (2021), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-2020.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-2020.pdf)

<sup>14</sup> Ibid.

<sup>15</sup> Amprion GmbH, "Sustainability Report 2021", (2022), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-Update\\_2021.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-Update_2021.pdf)

<sup>16</sup> European Commission, "Massive Integration of power Electronic devices", (2020), at: <https://cordis.europa.eu/project/id/691800>

<sup>17</sup> Ibid.

<sup>18</sup> Amprion GmbH, "Sustainability Report 2020", (2021), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-2020.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-2020.pdf)

<sup>19</sup> Ibid.

<sup>20</sup> Amprion has shared the health and safety targets, and the Company's operational safety manual with Sustainalytics confidentially.

<sup>21</sup> Amprion GmbH, "Sustainability Report 2021", (2022), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-Update\\_2021.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-Update_2021.pdf)

<sup>22</sup> Amprion GmbH, "Biotope Management Policy", (2016), at: <https://www.amprion.net/Dokumente/Mensch-Umwelt/Biotopmanagement/Amprion-Biotopmanagement->

- The Company has developed an ISO 14001 certified environmental management system<sup>23</sup> to address waste generated from its operations. Amprion focuses on resource conservation through reusing materials used in construction and recycling them when possible. For steel-reinforced aluminium conductors, copper, steel and insulating oils, the Company has developed recycling channels and a waste balance sheet to record waste-related data.<sup>24</sup>
- Regarding emissions, Amprion has established an energy management system for its operational processes certified with ISO 50001.<sup>25,26</sup> Under its Procurement Policy, Amprion requires its suppliers to comply with applicable laws and regulations, and evaluates them on various criteria, including suppliers' CO<sub>2</sub> balance and environmental management system certifications.<sup>27</sup>
- Amprion has an occupational safety management system in place, certified in accordance with the OHSAS 18001 standard and is working to align it with the ISO 45001 standard.<sup>28</sup> The Company also has an operational safety manual covering issues such as personal protective equipment, training and qualification, accidents and emergencies and hazardous materials. By the end of 2022, Amprion aims to offer training on occupational health and safety duties, including a workshop for main contractors in line construction.<sup>29</sup>
- As part of its stakeholder dialogue in the context of grid expansion, Amprion focuses on exchange with stakeholders, including authorities and other community representatives throughout most of the project stages from the planning phase (scenario framework, network development plan and federal requirement plan) to the approval of specific projects (regional planning).<sup>30</sup> Amprion has developed the Systemvision 2050 project, which offers the Company's modelling expertise to businesses, associations, politicians and NGOs to develop targets and parameters and foment discussion on energy transformation in the context of reaching a climate-neutral energy system by 2050.<sup>31</sup> In 2021, the Company developed a Stakeholder Management Guideline to increase transparency and consistency in stakeholder dialogue.<sup>32</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Amprion has implemented relevant measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP, and is relevant in the local context.

#### Importance of investing in transmission systems for the integration of renewables in Germany

Under the European Green Deal, the EU established a target to become the first climate-neutral continent by 2050, and aims at increasing the share of renewables to 40% in the EU energy mix by 2030.<sup>33</sup> In this regard, grid infrastructure expansion is crucial to the effective integration of rising shares of renewable energy.<sup>34</sup> However, current energy infrastructure investments remain insufficient in the EU.<sup>35</sup>

[EN.pdf#:~:text=More%20than%20two%20decades%20ago%2C%20Amprion%20was%20the%20are%20organised%20specifically%20in%20line%20with%20ecological%20principles](#)

<sup>23</sup> ISO 14001: <https://www.iso.org/iso-14001-environmental-management.html>.

<sup>24</sup> Amprion GmbH, "Sustainability Report 2020", at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-2020.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-2020.pdf).

<sup>25</sup> Amprion GmbH, "Sustainability Report 2021", (2022), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-Update\\_2021.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-Update_2021.pdf).

<sup>26</sup> ISO 50001: <https://www.iso.org/iso-50001-energy-management.html>.

<sup>27</sup> Amprion has shared the procurement policy with Sustainalytics confidentially.

<sup>28</sup> Amprion GmbH, "Sustainability Report 2020", (2021), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-2020.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-2020.pdf)

<sup>29</sup> Amprion has shared the health and safety targets, and the Company's operational safety manual directly with Sustainalytics for assessment on a confidential basis.

<sup>30</sup> Amprion has shared the ESG requirements for projects with Sustainalytics confidentially.

<sup>31</sup> Amprion GmbH, "Systemvision 2050", at:

<https://systemvision2050.de/Systemvisionen/?category=Analysen%3BHintergrundinfos%3BInterviews%3BSystemvisionen>.

<sup>32</sup> Amprion GmbH, "Sustainability Report 2021", (2022), at: [https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion\\_Sustainability-Report-Update\\_2021.pdf](https://www.amprion.net/Dokumente/Nachhaltigkeit/Amprion_Sustainability-Report-Update_2021.pdf).

<sup>33</sup> European Commission, "Fit for 55: delivering the EU's 2030 Climate Target on the way to climate neutrality", (2021), at: <https://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021DC0550&from=E>.

<sup>34</sup> European Network of Transmission System Operators for Electricity, "European Electricity Transmission Grids and the Energy Transition", (2021), at: [https://eepublicdownloads.entsoe.eu/clean-documents/mc-documents/210414\\_Financeability.pdf](https://eepublicdownloads.entsoe.eu/clean-documents/mc-documents/210414_Financeability.pdf)

<sup>35</sup> <https://eur-lex.europa.eu/eli/reg/2022/869/oj>

Despite consistent growth in renewable energy generation in Germany in the last decade,<sup>36</sup> production facilities, such as offshore wind farms, are often located in sparsely populated areas with low electricity consumption, such as eastern and northern Germany.<sup>37</sup> This forces the electricity produced to be transported over long distances under the capacity limits of Germany's existing grid infrastructure.<sup>38</sup> Amprion's financing in this context is expected to contribute to the enhancement of energy transmission infrastructure and integration of renewable energy into the German grid.

In April 2022, the German government approved the so-called Easter Package, which consists of a series of changes to the country's energy policy that aim at accelerating the expansion of renewable energy.<sup>39</sup> Germany has established a target to source 100% of its electricity from renewables by 2035, with an interim target to fulfil 80% of its electricity demand from renewable sources by 2030, relative to 42% in 2021.<sup>40</sup> The achievement of these targets requires investment in the expansion of the existing grid infrastructure to support the integration of the expanded renewable electricity generation capacity. In this regard, the Easter Package aims to accelerate the integration of renewable energy into grids by simplifying planning and approval procedures.<sup>41</sup> Germany's Federal Requirements Plan for the expansion of transmission systems has also been updated, and includes 19 new grid expansion projects.<sup>42</sup> As Amprion is one of the four major transmission system operators in Germany, the Company is expected to play a key role in enabling the integration of renewable energy systems into the German grid.<sup>43</sup>

Considering the above, Sustainalytics expects the investments carried out under the Framework to contribute to meeting Germany's renewable energy targets, improve grid resilience and facilitate the integration of renewable energy into the German and European grids.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The instruments issued under the Amprion Green Finance Framework are expected to help advance the following SDG and target:

| Use of Proceeds Category                    | SDG  | SDG target  |
|---|--|---|
| Sustainable and secure transmission systems | 7. Affordable and Clean Energy             | 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services<br><br>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix   |
|   | 9. Industry, Innovation and Infrastructure | 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities |

<sup>36</sup> Clean Energy Wire, "Germany's energy consumption and power mix in charts", (2021), at: <https://www.cleanenergywire.org/factsheets/germanys-energy-consumption-and-power-mix-charts>

<sup>37</sup> Netzausbau, "Bundesnetzagentur and grid expansion", at: <https://www.netzausbau.de/EN/Englisch-node.html;jsessionid=0B460672EAE6F481406A9F0AEDD2551>

<sup>38</sup> Netzausbau, "Bundesnetzagentur and grid expansion", at: <https://www.netzausbau.de/EN/Englisch-node.html;jsessionid=0B460672EAE6F481406A9F0AEDD2551>

<sup>39</sup> German Federal Ministry for Economic Affairs and Climate Action, Overview of the Easter Package, (2022), at: [https://www.bmwk.de/Redaktion/EN/Downloads/Energy/0406\\_ueberblickspapier\\_osterpaket\\_en.pdf?\\_\\_blob=publicationFile&v=5](https://www.bmwk.de/Redaktion/EN/Downloads/Energy/0406_ueberblickspapier_osterpaket_en.pdf?__blob=publicationFile&v=5)

<sup>40</sup> German Federal Ministry for Economic Affairs and Climate Action, Overview of the Easter Package, (2022), at: [https://www.bmwk.de/Redaktion/EN/Downloads/Energy/0406\\_ueberblickspapier\\_osterpaket\\_en.pdf?\\_\\_blob=publicationFile&v=5](https://www.bmwk.de/Redaktion/EN/Downloads/Energy/0406_ueberblickspapier_osterpaket_en.pdf?__blob=publicationFile&v=5)

<sup>41</sup> German Federal Ministry for Economic Affairs and Climate Action, Overview of the Easter Package, (2022), at: [https://www.bmwk.de/Redaktion/EN/Downloads/Energy/0406\\_ueberblickspapier\\_osterpaket\\_en.pdf?\\_\\_blob=publicationFile&v=5](https://www.bmwk.de/Redaktion/EN/Downloads/Energy/0406_ueberblickspapier_osterpaket_en.pdf?__blob=publicationFile&v=5)

<sup>42</sup> German Federal Ministry for Economic Affairs and Climate Action, Overview of the Easter Package, (2022), at: [https://www.bmwk.de/Redaktion/EN/Downloads/Energy/0406\\_ueberblickspapier\\_osterpaket\\_en.pdf?\\_\\_blob=publicationFile&v=5](https://www.bmwk.de/Redaktion/EN/Downloads/Energy/0406_ueberblickspapier_osterpaket_en.pdf?__blob=publicationFile&v=5)

<sup>43</sup> Netzausbau, "Die Übertragungsnetzbetreiber", at: <https://www.netzausbau.de/Wissen/Akteure/de.html>

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## Conclusion

Amprion has developed the Amprion Green Finance Framework under which it may issue green bonds, loans and commercial papers and use the proceeds to finance sustainable and secure transmission systems expected to contribute to the decarbonization of the energy system in Germany. Sustainalytics considers that the projects funded by the green finance proceeds are expected to provide positive environmental impact.

The Amprion Green Finance Framework outlines a process for tracking, allocating and managing proceeds, and makes commitments for Amprion to report on the allocation and impact of their use. Furthermore, Sustainalytics believes that the Amprion Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds is expected to contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that Amprion has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Amprion GmbH is well positioned to issue green finance instruments and that the Amprion Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.



## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

|  |                                 |
|--|---------------------------------|
| <b>Issuer name:</b>  | Amprion GmbH                    |
| <b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b> | Amprion Green Finance Framework |
| <b>Review provider's name:</b>   | Sustainalytics                  |
| <b>Completion date of this form:</b>                                       | August 1, 2022                  |
| <b>Publication date of review publication:</b>                             |                                 |
| <b>Original publication date [please fill this out for updates]:</b>       |                                 |

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                                |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

## Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

### 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds, Sustainable and Secure Transmission Systems, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category are expected to enhance access to electricity, support the integration of renewable energy, improve grid resilience and contribute to the decarbonization of the energy system in Germany, and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9

#### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use         |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): Sustainable and secure transmission systems |

If applicable please specify the environmental taxonomy, if other than GBP:

### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Amprion's Green Finance Committee (the "Committee") will evaluate, select and monitor eligible projects. The Committee consists of representatives from the sustainability, corporate finance, investor relations, asset management and network projects departments. Amprion has internal processes to address environmental and social risks associated with the eligible assets. Sustainalytics considers these processes to be in line with market practice.

#### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|---|---|

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Information on Responsibilities and Accountability

- |   |   |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |   |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Amprion's Green Finance Committee will be responsible for the management and allocation of proceeds to eligible projects through a green financing register. Amprion intends to allocate all proceeds within one year of issuance and commits to reach full allocation within a maximum of 24 months from issuance. Pending allocation, unallocated proceeds will be temporarily invested according to Amprion's general liquidity guidelines. This is in line with market practice.

#### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only                             | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                             | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                               |

### 4. REPORTING

Overall comment on section (*if applicable*):

Amprion intends to report on the allocation of proceeds on its website on an annual basis. This report will include a description of the portfolio of eligible assets, the type of green financing instruments issued and corresponding outstanding amounts, the share of financing versus refinancing and information on temporarily

invested unallocated proceeds. In addition, Amprion is committed to reporting on relevant impact metrics. Sustainalytics views Amprion's allocation and impact reporting commitments as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (*please specify*):

**Information reported:**

- Allocated amounts
  Green Bond financed share of total investment
- Other (*please specify*): a description of the portfolio of Eligible Assets, type of financing instruments utilised and respective outstanding amounts, information on the split between new financing and refinancing, information about how unallocated proceeds have been held in line with Amprion's general liquidity lines.

**Frequency:**

- Annual
  Semi-annual
- Other (*please specify*):

**Impact reporting:**

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (*please specify*):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings
  Energy Savings
- Decrease in water use
  Other ESG indicators (*please specify*): Number of households supplied with 100 % renewable energy in FY

**Frequency**

- Annual
  Semi-annual
- Other (*please specify*):

**Means of Disclosure**

- |   |  |
|---|--|
| <input type="checkbox"/> Information published in financial report  | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents  | <input type="checkbox"/> Other (please specify):                                   |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |  |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input checked="" type="checkbox"/> Verification / Audit             | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                     |  |

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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