

PRE-ISSUANCE VERIFICATION REPORT Limited Assurance Procedure based on Climate Bonds Standard version 3.0

By VIGEO EIRIS
For Eurogrid's 2020 Green Bond issuance
April 2020

SCOPE

Eurogrid (hereafter "the Issuer") is considering the issuance of its 2020 Climate Bond (the "Bond") and intends to use the proceeds to finance two marine renewable energy transition projects (the "Selected Projects"), namely: Ostwind 1¹ and Ostwind 2² located in the Baltic Sea, Germany.

In this context, Vigeo Eiris (the "Verifier") has been commissioned by the Issuer, as an independent third-party provider approved by the Climate Bonds Standards Board to perform the Pre-Issuance Verification of the Bond. This verification has been conducted in accordance with the Climate Bonds Standard (CBS) version 3.0 (i.e. Part A: General requirements to be applied for all Climate Bonds, Part B: Marine Renewables Energy Sector Criteria dated October 2017).

The work undertaken by Vigeo Eiris to form this verification statement included:

- Planning and management of the verification
- Desk review of the Bond and associated documentation provided by the Issuer
- Assessment of evidences provided by Eurogrid against the Climate Bonds Standards 3.0 and the Marine Renewables Energy Sector Criteria
- Internal quality control on the assurance report and conclusions
- Provision of Vigeo Eiris' report of factual findings

We have conducted our pre-issuance verification between February 14th and March 31st, 2020. The methodology, criteria, findings and assurances addressed by this Limited-Assurance procedure are in accordance with relevant general principles & professional standards of independent auditing, in line with the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

RESPONSIBILITIES OF THE ISSUER AND OF VIGEO EIRIS

This statement relies on the information provided by the Issuer to the Verifier: documentation and explanations presented during the assessment, based on the understanding that this information was provided to Vigeo Eiris in good faith. Vigeo Eiris has not performed any audit nor other test to check the accuracy of the information provided by the Issuer.

The Issuer is fully responsible for attesting the compliance with its commitments, for their implementation and their monitoring, and for the information provided.

SUMMARY OF FACTUAL FINDINGS

The proceeds from the Bond will be allocated to two marine renewable energy transition projects, for which environmental objectives have been set in the Eurogrid Green Bond Framework (the last updated version was provided to Vigeo Eiris on April 27th, 2020). These proceeds will be used to finance and/or refinance, in full or in part, the Selected Projects. The Selected Projects fall in the 'Marine Renewable' classification under 'Energy' head of Climate Bonds Taxonomy and fill in the applicable sector-specific technical criteria for Marine Renewable Energy projects. The Issuer took the commitment to review the Bond after one year to reaffirm conformance with the Climate Bonds Standard.

This Report of factual findings is valid as of the date of issuance, limited to the Selected Projects, for the Issuer's 2020 Green Bond. It is provided by Vigeo Eiris to the Issuer and the Climate Bonds Initiative.

Paris, April 27th, 2020

Project team

Amaya London
Sustainability Consultant
Project Leader

Muriel Canton
Senior Advisor
Supervisor

For more information, contact:

Sustainable Finance Team
VEsustainablefinance@vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not conducted any consulting nor audit mission for the Issuer until so far. No established relationship (financial or others) exists between Vigeo Eiris and the Issuer.

Liability: this Report of factual findings is a document prepared by the Verifier that conveys the Verifier's findings on the Bond alignment with the relevant requirements of the Climate Bonds Standard, but it does not provide Climate Bonds Certification itself. Providing these findings does not mean that Vigeo Eiris certifies the tangibility, the excellence or the irreversibility of the projects financed by the Green Bond. No assurance is provided by Vigeo Eiris regarding the financial performance of the Issuer nor of the Bond, nor the value of any investment in the Bond, nor of the environmental footprint of the Bond or the compliance with the commitments taken by the Issuer.

Vigeo Eiris cannot be liable for any loss suffered as a result of information or data provided by the Issuer. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or any kind of business transaction.

Restriction on Distribution and Use of this Factual Findings Report: at the discretion of the Issuer.

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

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

VERIFICATION CRITERIA & FINDINGS

Context Note: Eurogrid has declared that the Net Proceeds of its 2020 Green Bond will be allocated to two marine renewable energy transition projects from the following CBI category 'Marine Renewable Energy' as described in the Eurogrid's Green Bond Framework (the last updated version was provided to Vigeo Eiris on April 27th, 2020).

The evidence, information and explanations supporting the Bond issuance provided by Eurogrid to Vigeo Eiris were both historical (for projects selection process and nominated projects) and hypothetical or projected (for the expected environmental benefits, the proposed financial accounting system, and the monitoring & reporting system associated to the bond, to be implemented over the term of the bond).

The Issuer showed a high responsiveness in providing information to the Verifier. We believe that the procedures we have implemented and the evidence we have obtained are sufficient and appropriate to provide a basis for our findings.

Summary criteria for assertions of compliance with the pre-issuance requirements of Climate Bonds Standard version 3.0

Vigeo Eiris 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:

- Part A: Pre-Issuance Requirements
 1. Use of Proceeds
 2. Process for Evaluation and Selection of Projects & Assets
 3. Management of Proceeds
 4. Reporting Prior to Issuance
- Part B: Eligibility of Projects & Assets
 1. Marine Renewable Energy Sector Criteria (October 2017)

Assessment of Eurogrid's 2020 Green Bond against Pre-Issuance Requirements of Climate Bond Standard

Part A: General Requirements

1. Use of Proceeds

- 1.1. The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept up-to-date during the term of the Bond.

The Issuer has documented the two selected projects to be (re)financed by the Bond in a dedicated Green Bond Framework (the last updated version was provided to Vigeo Eiris on April 27th, 2020).

- 1.2. The expected Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Issuer.

The expected Net Proceeds of the Bond will be no greater than the Issuer's total investment exposure to the proposed Nominated Projects & Assets.

- 1.3. 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:

The Issuer has reported that Selected Projects have never been nominated to other Climate Bonds or that the existing Climate Bond is not being refinanced via another Climate Bond.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and 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 Pre-Issuance Requirements (version 3.0) stated in section 1 "Use of Proceeds".

2. Process for Evaluation and Selection of Projects & Assets

2.1. The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. The decision-making process shall include, without limitation:

2.1.1. A statement on the climate-related objectives of the Bond;

The Selected Projects are intended to contribute to one main environmental objective, namely: climate change mitigation. This objective is formalised in the Framework.

2.1.2. 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;

In the section "2.2 – Sustainability strategy" of the Framework, the Issuer 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.

2.1.3. The Issuer's rationale for issuing the Bond;

In the section "2.2 – Sustainability strategy" of the Framework, the Issuer describes its rationale for issuing the Bond.

2.1.4. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.

The governance and process for the evaluation and selection of the Selected Projects are formalised in the Framework. For the purpose of the Bond, a dedicated Green Bond Committee was created. This committee is responsible for selecting the Selected Projects to be funded through the Green Bond in accordance with the selection criteria established in the Framework, Eurogrid's Sustainability policy, and European and German regulation.

2.2. The Issuer should include under Clause 2.1 further aspects of the decision-making process, including:

2.2.1. related eligibility criteria, including, if applicable, exclusion criteria or another process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.

The selection is based on the definition of the Eligible Category and on the Eligible Criteria defined in the Use of Proceeds section of the Framework.

The Selected Projects have to meet a set of criteria which are defined by the German Federal Network Agency (BNetzA). In Germany, the model of "regulated grid access" came into force in 2005 with the second amendment to the Energy Industry Act (EnWG). The Act authorizes the Federal Network Agency to regulate transmission system operators. The following aspects, among others, must be considered:

- Location of offshore platforms: large distance to sensitive coastal ecosystems. The legal basis for authorisations in the adjoining exclusive economic zone (EEZ) is the United Nations Convention on the Law of the Sea and the German Maritime Tasks Act. The Federal Maritime and Hydrographic Agency (BSH) is investigating the areas designated in the area development plan for tendering by the Federal Network Agency (BNetzA).
- Environmental Impact Assessment: permit approval procedures require Environmental Impact Assessments (EIA) to minimise nature conservation conflicts. As a result, appropriate corridors are identified together with external experts, and a list of necessary protective, compensatory and replacement measures is compiled.
- Community dialogue: the Issuer's subsidiary in charge of the implementation of the Eligible Projects takes a comprehensive dialogue and participation approach when planning and implementing the grid expansion. It follows the VDI 7000 standards to early address concerns of residents in the planning phase.
- After the construction of a new power line, regular ecological pipeline management is required.

Additionally, the Issuer is committed to exclude any Project aiming at financing any activity within high extra financial risk sectors (tobacco, coal or non-conventional fossil fuels, night clubs, adult entertainment, and gambling). Moreover, the Issuer has also committed to refrain from engaging in commercial activities with economic actors

which regularly and repeatedly breach international Human and Labour Rights conventions or Environment agreements, and has established for this purpose an exclusion list.

2.2.2. any green standards or certifications referenced in the selection of Nominated Projects & Assets.

NA

2.2.3. The Issuer shall assess that all proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.

The Issuer has stated that 100% of the net proceeds from its Bond will be used to finance and refinance two marine renewable energy transition projects corresponding to the Eligible Category defined in the Green Bond Framework, namely:

- Renewable Energy

All selected Projects to be (re)financed by the Bond meet the eligibility requirements of the following Climate Bonds Standard Sector Criteria:

- Marine Renewable Energy Criteria:
 - Mitigation Component: Marine Renewable Energy Dedicated transmission infrastructure automatically pass the mitigation component.
 - Adaptation & Resilience Component: The two Selected Projects comply with the 5 components of the Adaptation & Resilience Check List.

3. Management of Proceeds

- 3.1. The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:

The Issuer has described the systems, policies and processes to be used for the management of the Bond's funds and investments in its Framework.

3.1.1. Tracking of proceeds: The Net Proceeds of the Bond can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.

The net proceeds of the Bond will be credited to Eurogrid's general treasury and managed on a portfolio basis. Eurogrid will transfer the proceeds through its ad hoc subsidiaries companies responsible for the implementation and operation of the projects³, in order to be allocated to Selected Projects.

These subsidiaries companies will monitor and track the allocation of net proceeds to Selected Projects through their internal accounting system.

3.1.2. Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.3.

The unallocated proceeds will be in the form of cash pooled to Eurogrid and held within Eurogrid's treasury liquidity portfolio in accordance with its usual treasury investment strategy.

3.1.3. Earmarking funds to Nominated Projects & Assets: An earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.

The Issuer has communicated transparently on the estimated share of refinancing for its Bond issuance, which will be equal to a maximum of 60 - 65% of net proceeds. However, the share of refinancing depends on the amounts of proceeds.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and 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 Pre-Issuance Requirements (version 3.0) stated in section 3 "Management of Proceeds".

³ Eurogrid has 100% shares in 50Hertz Transmission GmbH which is engaged in the operation, maintenance, planning and expansion of transmission grid in Germany.

4. Reporting prior to issuance

4.1. The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Bond Framework shall include, without limitation:

4.1.1. Confirmation that the Bonds issued under the Green Bond Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.;

The Green Bond Framework is reported to be following the International Capital Market Association (ICMA) Green Bond Principles (GBP).

4.1.2. A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement;

The Green Bond Framework includes a summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the electricity supply sub sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement.

4.1.3. A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2;

The Framework includes a description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2.

4.1.4. Information on the methodology and assumptions to be used for: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets required to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard; and any other additional impact metrics that the issuer will define.

The Issuer has committed to publically disclose the key methodologies and assumptions used to calculate the benefits of Selected Projects on the Issuer's website as part of their Green Bond reporting.

4.1.5. A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1;

The Issuer has reported that unallocated proceeds will be cash pooled to Eurogrid and held within Eurogrid's treasury liquidity portfolio in accordance with its usual treasury investment strategy.

4.1.6. The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding;

The Issuer commits to appoint an approved CBI Verifier to conduct the mandatory Post-Issuance compliance review within a period of one year after the issuance, in conformance with the Climate Bonds Standard requirement. The Issuer has communicated to Vigeo Eiris that, after the mandatory post-issuance Assurance Engagement, there will not be additional Periodic Assurance Engagements.

4.1.7. The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, as provided in Clause 9.1, and the Issuer shall provide an explanation of why detail on Nominated Projects & Assets is limited;

The Framework includes a description of the two Selected Projects to be financed.

4.1.8. Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.

The Issuer has transparently communicated to Vigeo Eiris that the estimated share of refinancing is expected to represent approximately 60 - 65% of the Net Proceeds of the Bond. This information is not included in the Framework. It should be noted, however, that the Framework was written and published before the 3.0 standard came into effect.

4.2. The Issuer shall include in the Disclosure Documentation:

4.2.1. The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall;

The independent external review prepared by IMUG indicates that the Selected Projects falls in 'Marine Renewable' classification under 'Energy' head of Climate Bonds Taxonomy.

4.2.2. The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3;

The Second Party Opinion (SPO) specifies that unallocated proceeds will be cash pooled to Eurogrid and held within Eurogrid's treasury liquidity portfolio in accordance with its usual treasury investment strategy.

4.2.3. The Verifier engaged by the Issuer for the mandatory verification engagements;

The Issuer has commissioned Vigeo Eiris (the "Verifier") as an independent third-party provider approved by the Climate Bonds Standards Board to perform the Pre-Issuance Verification of the Bond.

4.2.4. The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding, including the location of the published documents;

The SPO states that the Issuer has committed to report annually and until full allocation, and later in case of ESG controversies, through the Annual Reports which will be made publically accessible on Eurogrid's website. The reporting will be at category level.

4.2.5. The Climate Bonds Initiative Disclaimer provided in the Certification Agreement.

NA.

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and 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 Pre-Issuance Requirements (version 3.0) stated in section 4 "Reporting to issuance".

PART B: Climate Bonds Standard Sector Specific Criteria

1. Technical criteria for Selected Projects & Assets: Marine Renewable Sector Criteria (October 2017) and Wind Sector Criteria Version 1.1 (October 2017).

As indicated in the Framework, Selected Projects fall under the following sector specific technical criteria of the Climate Bonds Standard:

- 1.1. Disclosure component: In the interests of transparency and disclosure, Issuer of Certified Climate Bonds are required to publicly disclose the following in respect to the assets and use of proceeds incorporated in that issuance:

The Issuer has created a dedicated website for both Selected Projects^{4 5}. The following information are publically accessible on these websites:

- Project location and size, including description of marine and coastal ecosystem in proximity to planned installations, noting for example whether located in marine protected areas or vulnerable marine ecosystems;
- Projected lifespan of the asset/project;
- Key stakeholders involved, including other users of the area and surrounding area (sea, land or air depending on what is applicable) of the facility(ies); Description of project activities including details on installation, operation and decommissioning activities;
- Expected/current facility capacity and generation during and after the life of the bond;
- Details of where the energy generated is being fed into, and estimated impact on grid mix;
- Projected avoided GHG emissions compared to fossil fuel counterfactual (in kgCO₂e) using recognised conversion factors;
- The planning standards, environmental regulations and other regulations that the project has been required to comply with.

1.2. Mitigation Component

Marine Renewable Energy Dedicated transmission infrastructure automatically pass the mitigation component.

1.3. Adaptation & Resilience Component:

The two Selected Projects comply with all the other 5 components of the Adaptation & Resilience Check List.

⁴ <https://www.50hertz.com/en/Grid/Griddevelopment/Offshoreprojects/Ostwind1/>

⁵ <https://www.50hertz.com/en/Grid/Griddevelopment/Offshoreprojects/Ostwind2/>

| Item | Proof given | Overall Assessment |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Section 1: The issuer understands the climate related risks and vulnerabilities to the asset/ site | | |
| <p>1.1 Processes are in place (as part of both the asset design and ongoing management) to assess key risks to the assets from a changing climate and its impact on marine conditions:</p> <p><i>These key risks should include the following, plus any others felt to be of concern for the operation of these assets. The risks should be identified and interpreted in terms of the impact on the asset and the related effects for the business – e.g. impact on operating feasibility and schedules and potential system outages, impact on maintenance requirements etc.</i></p> <p><i>For all facilities:</i></p> <ul style="list-style-type: none"> - <i>Sea level rise and storm surge</i> - <i>Extreme precipitation and flooding</i> - <i>Increase in geophysical hazards such as earthquakes, tsunamis, volcanic eruptions and landslides</i> - <i>Changes in wind and storm patterns and intensity</i> - <i>Changes in ocean temperature, currents and salinity levels</i> <p><i>The Issuer understands what level of climate change would mean the asset/site is no longer viable, and understands under which climate change scenarios this would happen.</i></p> <p><i>These processes and assessments use climate information, modelling and scenarios based on peer reviewed methodologies and literature and considering the variability in modelled scenarios.</i></p> <p><i>If a project does not have any climate related risks or vulnerabilities, evidence must be given to show how this was determined.</i></p> | <p>Permit approval procedures require Environmental Impact Assessments (EIA) [regulated by Environmental Impact Assessment Act transposing into German law the Protocol on Strategic Environmental Assessment (SEA Protocol)] to assess key risks to the projects from a changing climate and its impact on marine conditions. As a result, appropriate protective, compensatory and replacement measures are identified together with external experts, and implemented.</p> | <p>Good</p> |

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Section 2: The issuer understands the improvements and impacts in the larger context (spatially and temporally) beyond the asset/ site. (i.e. the impacts of their own assets and activities on the broader ecosystem and stakeholders in that ecosystem) | | |
| <p>2.1 Processes are in place (as part of both the asset design, ongoing operation and decommissioning) to assess the improvements and impacts the assets have on the resilience of other stakeholders in the system in which it operates:</p> <p><i>These assessments address:</i></p> <ul style="list-style-type: none"> - Any ways in which renewable energy facilities might affect, both positively and negatively, the climate resilience of other marine users or relevant/local stakeholders/communities - Any ways in which renewable energy facilities improve the adaptation capacity of other marine users or relevant/local stakeholders/communities. <p><i>e.g. Any potential impacts on other marine stakeholders of a highly dense concentration of renewable energy facilities or associated transmission lines.</i></p> <p><i>e.g. Any potential impacts that renewable energy facilities may have on coastal resilience by taking strength out of the wind, waves, tidal flows, tidal range or by altering sedimentation processes.</i></p> <p><i>If a project does not have any impacts beyond the asset/site, evidence must be given to show how this was determined.</i></p> | <p>The Strategic Environmental Assessment (SEA) and the Environmental Impact Assessment (EIA) cover all relevant impacts in the larger context.</p> | Good |
| Section 3: The issuer has designed and implemented strategies to mitigate and adapt to these climate risks and vulnerabilities | | |
| <p>3.1 An adaptation plan has been designed and is being implemented to address the risks identified in assessments outlined above.</p> <p><i>All risks identified are being addressed in the design and management of the asset.</i></p> <p><i>The issuer has designed or amended asset maintenance plans to ensure that scheduled maintenance is sufficient to cope with the ongoing impacts of climate change and a plan has been established to govern how they approach emergency maintenance needs arising from sudden climate change impacts (e.g. extreme storms).</i></p> <p><i>The issuer has remotely controlled or automated shutdown procedures, training, capacity and governance arrangements in place to manage the impacts of exceptional events (such as extreme storms, winds etc.).</i></p> <p><i>The issuer has monitoring and reporting systems and processes to identify high risk scenarios.</i></p> | <p>The company has established an environmental management system according to ISO 14001 in place. Dedicated environmental protection and water protection plans are implemented. Pollution control audits are carried out on a regular basis e.g. oil losses are monitored continuously from a control room.</p> | Good |

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <p><i>The issuer has contingency plans to address disruptions to operations or loss of the asset and any resulting environmental or social damage.</i></p> <p><i>The issuer has processes for feeding risk assessments back into decision making.</i></p> <p><i>The issuer has a budget allocated to implementing the adaptation plan and has a named member of staff responsible for its implementation.</i></p> <p><i>The issuer complies with any existing broader or higher-level adaption plans, such as NAPAs.</i></p> | | |
| <p>3.2 Inspections are carried out regularly and there is a maintenance regime in place for future inspections with evidence that this is adhered to.</p> | <p>There are at least monthly inspections of the switch gears and there is an emergency plan for every switch gear including immediate measures, contact and necessary information.</p> | <p>Good</p> |
| <p>Section 4: Issuer is pursuing strategies that promote resilience and adaptation across the area in which it operates and beyond</p> | | |
| <p>4.1 Issuer is involved in stakeholder engagement and collaboration (e.g. policy development, consultation, collaboration and active engagement with other marine users).</p> <p><i>e.g. Engaging in hazard response planning for the area, or recovery planning and operations after severe events.</i></p> <p><i>e.g. Pursuing potential climate resilience benefits for the local area that could be delivered by the marine renewable energy facility, such as a tidal lagoon providing additional storm surge protection for local towns.</i></p> <p><i>e.g. Alterations made to day-to-day operating procedures in response to stakeholder engagement.</i></p> | <p>The Issuer takes a comprehensive dialogue and participation approach when planning and implementing the grid expansion, conducting a Stakeholder Impact Assessment and developing a communication strategy for both projects. The company offers a continuous stakeholder dialogue, for example through information days.</p> | <p>Good</p> |
| <p>Section 5: Issuer is delivering positive impacts (or no harm) in terms of key sustainability indicators</p> | | |
| <p>5.1 The asset or project does not put in jeopardy at risk or endangered species or habitats or unduly impact ecosystem services. Where there are possible negative impacts to habitats, species, biodiversity, or ecosystem services, mitigation measures are implemented to offset the negative impacts.</p> <p><i>E.g. Noise and vibration generated by marine renewable energy arrays may disrupt animals, such as marine mammals, fish, birds, turtles, and invertebrates that rely on sound for navigation and other essential functions. The potential for collision-related injury or mortality of marine animals is a key parameter for impact assessment, particularly for tidal energy projects. Alteration of water circulation, sediment</i></p> | <p>The Strategic Environmental Assessment (SEA) and the Environmental Impact Assessment (EIA) cover all relevant impacts in terms of habitats, species, biodiversity, or ecosystem service. Mandatory mitigation and compensation measures are undertaken including species protection, water circulation measurement and dismantling.</p> | <p>Good</p> |

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <p>transport, and other physical flows by marine renewable energy devices as well as introduction of new electromagnetic fields (e.g. via suspended or seafloor cables) may negatively impact habitat quality. This might be especially relevant for tidal barrage, but should be considered for all marine renewable arrays</p> <p><i>N.B. In many jurisdictions this will be well covered by existing regulatory or licensing requirements, and those can be referenced here if they provide sufficient evidence to cover this requirement.</i></p> | | |
| <p>5.2 Waste is responsibly dealt with, including appropriate disposal of construction waste and oil-based lubricants, including recycling options where possible. Also, recycling where possible of equipment after decommissioning.</p> <p><i>N.B. In many jurisdictions this will be well covered by existing regulatory or licensing requirements, and those can be referenced here if they provide sufficient evidence to cover this requirement.</i></p> | <p>The Company's Environmental Management System covers waste management issues, supported by international, European and National guidelines on waste management.</p> | <p>Good</p> |
| <p>5.3 The issuer has recognised and listed the potential risks for accidental site contamination either from leakage of hydraulic fluid (or any other potential pollutant) or from wreckage/debris on the sea bed. Demonstrable steps have been taken to minimise these risks and plans have been made for clean-up should a site contamination event occur.</p> | <p>The Company has established an Environmental Management System in line with ISO 14001. Dedicated accidental pollution plans are implemented.</p> | <p>Good</p> |
| <p>5.4 Decommissioning of the plant is planned in a way that considers the environmental impacts</p> <p><i>N.B. In many jurisdictions this will be well covered by existing regulatory or licensing requirements, and those can be referenced here if they provide sufficient evidence to cover this requirement.</i></p> | <p>The German law provides for an obligation to end of life decommissioning.</p> | <p>Good</p> |
| <p>5.5 Issuer has plans and processes in place to effectively manage and minimize conflict with other users of the marine and coastal space</p> <p><i>N.B. In some jurisdictions this will be well covered by existing regulatory or licensing requirements, national or regional marine plans and/ or marine spatial plans, and the application of or conformity with these regulations or plans can be referenced here if they provide sufficient evidence to cover this requirement.</i></p> | <p>The Federal Maritime and Hydrographic Agency (BSH) has defined the localisation of the projects, located at large distance to sensitive coastal ecosystems.</p> | <p>Good</p> |

Vigeo Eiris reviewed the above elements based on the information and documentation provided by the Issuer during the verification, and 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 Pre-Issuance Requirements (version 3.0) stated in section "Part B: Technical criteria for Eligible Projects & Assets".

List of supporting elements provided by the Issuer for Pre-issuance verification:

- Green Bond Framework (March 2020)
- Answers to Vigeo Eiris' questionnaire



Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations and undertakes a risk assessment to assist investors and companies' decision-making.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organisations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com