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EnBW Green Bond Impact Report 2019



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EnBW uses proceeds from green bonds to finance, among other things, the roll-out of fast charging infrastructure.

EnBW is involved in a number of sustainable finance initiatives that pave the way for sustainable finance.



International Integrated Reporting Council (IIRC) [↗](#)



Task Force on Climate-related Financial Disclosures [↗](#)



Technical expert group on sustainable finance (TEG) [↗](#)



Sustainable Finance

Sustainable Finance-Committee of the German Federal Government [↗](#)

The EnBW Green Bonds: Investing in the future of energy

Increasing numbers of institutional investors now prefer sustainable investments. This further enhances the strategic importance of business activities that benefit the climate. In line with our strategy of developing EnBW into a sustainable and innovative infrastructure partner, we are investing more and more in climate-friendly growth projects.

Our first, €500 million green bond issue in October 2018 was followed by the next green issue comprising Germany's first two green hybrid bonds for a total of €1 billion on 29 July 2019.


Green bonds are issued on financial markets exclusively to fund climate-friendly projects. This means that all issue proceeds go to sustainable environmental and climate protection projects.

In the case of the EnBW Green Bonds, EnBW's solid financial standing provides a strong additional degree of security – for all investors and for all project partners in each individual project.

Based on our Green Financing Framework, which was first published in October 2018 and is regularly updated, proceeds from our green bonds must go exclusively

to projects in the following categories that are eligible for support:

- > Renewable energy (onshore and offshore wind power and solar/photovoltaics)
- > Energy efficiency (such as smart meters)
- > Clean transportation (such as electric mobility infrastructure/charging points)

 For further information about our green bonds and the Impact Report, please visit our [website](#) ➤

Key data on EnBW Green Bonds

Bond-type	Rating (Moody's / S&P / Fitch)	Issue size in €m	Net issue proceeds in €m	Issue date	Term in years	Coupon in % p.a.	Denomination in €	ISIN
Green (Senior)	A3 (negative) / A- (stable) / A- (stable)	500	496.42	24 Oct 2018	15	1.875	1,000	XS1901055472
Green Hybrid	Baa2 / BBB- / BBB	500	498.25	29 July 2019	60	1.625	100,000	XS2035564629
Green Hybrid	Baa2 / BBB- / BBB	500	498.25	29 July 2019	60.25	1.125	100,000	XS2035564975

Impact Report

For the detailed fund allocation, please see the Impact Report at www.enbw.com/impact-report/en ↗

Project category	Capital expenditure attributable to the bonds (€m, per category ¹)		Generation capacity attributable to the bonds (MW)		Generated electricity attributable to the bonds (MWh) in 2019	CO ₂ avoidance factor (gCO ₂ eq/kWh ²)	Emissions avoided attributable to the bonds (tCO ₂ eq)	
	XS1901055472	XS2035564975 & XS2035564629	XS1901055472	XS2035564975 & XS2035564629			XS1901055472	XS2035564975 & XS2035564629
Offshore wind	227.5	763.1	69.6	235.0	214,643	701	36,580	113,885
Onshore wind	233.3 ³	132.0	143.9	153.8	662,927	693	228,363	231,046
Solar (PV)	27.6 ³	14.7	29.9	24.3	44,371	627	26,572	1,249
Total	488.4	909.7	243.4	413.0	921,942		291,515	346,180
Not allocated ⁴	-	86.8						

Formula for calculating the CO₂ avoidance factors by the Federal Environment Agency¹

The calculation method is identical for PV, for offshore wind and for onshore wind. However, different emission- and substitution factors are utilized. The emission gases CO₂, CH₄ and N₂O are taken into account. This way, not only CO₂ emissions are being calculated but the respective CO₂ equivalents (CO₂eq)¹

$$\begin{array}{lcl}
 \text{CO}_2\text{eq emissions avoided by RE generation, gross} & - & \text{CO}_2\text{eq emissions from RE generation (indirect emissions from manufacture of generating equipment, auxiliary energy, etc.)} \\
 & = & \text{CO}_2\text{eq emissions avoided by RE generation, net} \\
 \\
 \text{CO}_2\text{eq emissions avoided by RE generation, net} & \div & \text{RE energy generation} \\
 & = & \text{CO}_2 \text{ avoidance factor (CO}_2\text{eq)}
 \end{array}$$

Project category	Capital expenditure attributable to the bonds (€m ¹)		Locations	Number of charges in 2019
	XS1901055472	XS2035564975 & XS2035564629		
Expansion of fast charging infrastructure	8.1	-	123 charging points at 89 locations on the German autobahn network	51,285

¹ Rounded figures.

² Source: Umweltbundesamt (Federal Environment Agency): "Climate Change 37/2019: Emissionsbilanz erneuerbarer Energieträger, Bestimmung der vermiedenen Emissionen im Jahr 2018" (revised November 2019).

³ Allocation of funds differs from prior-year figure for reasons such as implemented investment models such as community investment.

⁴ Proceeds not yet allocated will be used according to the EnBW Green Financing Framework. EnBW is holding these in any form of cash, bank deposit or other form of available current financial assets. They will be allocated to eligible projects within 2 years from issuance date.

EnBW Green Financing Framework

We published our EnBW Green Financing Framework in October 2018. It is based on the Green Bond Principles published by the International Capital Market Association (ICMA) in June 2018.



The Green Financing Framework governs the use of green financing instruments¹ within the EnBW Group. We have selected a two-step approach to ensure a diligent project evaluation and selection process. This approach is likewise integrated into the Green Financing Framework:

- > To ensure eligibility for green financing, we have set up a Green Financing Committee with representatives from the corporate finance department, the corporate sustainability department and, on a case by case basis, representatives from business units. Projects may either be proposed by the business units or directly selected by the Green Financing Committee. The final decision on the selection of eligible Green Assets can only be taken unanimously.

- > The Committee is responsible for verifying compliance of all projects with the eligibility criteria (which are specified in the Green Financing Framework). Typical exclusion filters include but are not limited to material controversies and concerns about impacts on environment.

In addition, selection criteria have been defined for prioritising projects. A prioritisation mechanism is used to assess the extent to which projects meet the selection criteria.

¹ Green bonds, green loans, green project financing, etc.

The contribution of green financing to the SDGs and our non-financial KPIs

The EnBW Green Financing Framework is based around the 17 sustainable development goals (SDGs) adopted by the United Nations as part of the Agenda 2030 for Sustainable Development. The project categories eligible for support under the Framework

– renewable energy, energy efficiency and clean transportation – contribute significantly to climate change mitigation and the transition to a low-carbon sustainable economy and notably support SDGs 7, 9, 11 and 13.



SDG 7: Affordable and clean energy

By investing substantially in offshore and onshore wind power and in photovoltaics, we contribute to the expansion of renewable energy sources.



SDG 11: Sustainable cities and communities

With the expansion of charging infrastructure to boost electric mobility in Germany, we pave the way for sustainable urban development.



SDG 9: Industry, innovation and infrastructure

By investing in the rollout of charging infrastructure for electric mobility in Germany, we create innovative and climate-friendly infrastructure solutions to promote clean and more environmentally compatible transportation.



SDG 13: Climate action

The expansion of renewable energy for electricity generation helps reduce emissions and supports global action for the climate.

The Green Bonds likewise support our non-financial KPIs:

Environment



Renewable energy

EnBW aims to double the share of generating capacity accounted for by renewable energies by 2020 relative to 2012. The target for 2025 is 7.5-8 GW installed capacity and for renewable energy sources to account for at least 50% of generating capacity.

Climate


We actively contribute to climate protection by successively reducing the carbon intensity of our electricity generation activities (excluding nuclear power). Our target for 2025 is a 10% to 20% reduction compared to the base year 2020.

The green bonds also have a positive impact on other top non-financial performance indicators such as our reputation index (further information is provided on our [website](#) ↗).

The full Integrated Annual Report is available online at: www.enbw.com/report2019 ↗.

Good independent assessments

Independent assessments of the EnBW Green Bond have been obtained in the form of a second party opinion and CBI certification.

 Further information on the EnBW Framework, ISS ESG and CBI certification is available [online](#) ↗



ISS ESG Second Party Opinion

ISS ESG, a rating agency internationally specialising in sustainability, has confirmed that all three EnBW Green Bonds comply with the Green Bond Principles on the basis of International Capital Market Association (ICMA) criteria. In addition, ISS ESG confirmed the good sustainability quality of the bonds and also the outstanding sustainability performance of EnBW as the issuer.



Climate Bonds Initiative certification

Our Green Bonds are also certified to the high standards of the Climate Bonds Initiative (CBI). The Climate Bonds Initiative (CBI) is an international organisation that works to mobilise the bond market for climate change solutions. Its standards feature detailed sector-specific criteria for qualification as green bonds. The criteria are developed by teams of experts coordinated by an advisory board comprising institutional investors and (environmental) NGOs.

We closely monitor developments involving the EU Green Bond Standard, which is formulated by an

EU expert group, and use them as guidance for future green bond issues.

Further information:

If you would like to learn more about our company in general, our commitment to sustainability and Green Bonds, you will find detailed information online.

- Comprehensive information about our company, our business segments and our range of services is available on the EnBW website: www.enbw.com/company ↗
- News and a financial calendar are available for investors at www.enbw.com/company/investors ↗
- We provide information on our corporate social responsibility and how we generate economic, environmental and social added value at www.enbw.com/company/sustainability ↗
- Details about the Green Bonds with key documents to download and regular updates are available at <https://www.enbw.com/green-bonds> ↗

If you have any further questions, please do not hesitate to contact us:



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