

Nykredit Group

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Engagement Team:

Vipula Pandita, vipula.pandita@morningstar.com

Anjansingh Bist, anjansingh.bist@morningstar.com

Introduction

Nykredit Group (“Nykredit” or the “Bank”) issued five green covered bonds, one tier 2 green bond and two senior non-preferred bonds between August 2022 and June 2024 (collectively the “Green Bonds”)¹ and raised DDK 33,968.85 million to finance and refinance projects intended to contribute to the transition to a low-carbon and climate-resilient economy. In January 2025, Nykredit engaged Sustainalytics to review the projects financed with proceeds from the Green Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and reporting commitments established in their respective frameworks (the “Frameworks”).² This is Sustainalytics’ sixth annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in January 2020, February 2021, January 2022, January 2023 and January 2024.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Nykredit 's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs⁴ as per 2023 Framework

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	<p><u>Construction of new Buildings</u></p> <ul style="list-style-type: none"> The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the national implementation of nearly zero-energy building (NZEB) requirements.⁵ <p><u>Acquisition and Ownership of Buildings</u></p> <ul style="list-style-type: none"> For buildings built before 31 December 2020: 	<ul style="list-style-type: none"> Total amount disbursed in DKK million Total energy savings in MWh Annual GHG emissions avoided in tCO₂e

¹ Nykredit has issued eight green bonds under the Framework and its updates since August 2022. Two covered green bonds with an outstanding volume of DKK 4,202 million and DKK 7,824 million were issued in September 2022 with maturity on April 2026. One covered green bond with an outstanding volume of DKK 10,692 million was issued in March 2024 with maturity on October 2027. One covered green bond with an outstanding volume of SEK 11,808 million was issued in August 2022 with maturity on October 2026. One covered green bond with an outstanding volume of SEK 6,440 million was issued in June 2024 with maturity on October 2028. One tier 2 bond of DKK 950 million was issued in October 2022 with maturity on October 2032. Two senior non-preferred bonds of SEK 400 million and SEK 600 million were issued in April 2024 with maturity on June 2028 and April 2029, respectively.

² The Nykredit Green Bond Framework was initially established in 2019 (https://www.nykredit.com/siteassets/ir/files/bond-issuance/green-bonds/green_bond_framework_2019-04-11.pdf) which was updated in 2020 (https://www.nykredit.com/siteassets/ir/files/bond-issuance/green-bonds/nykredit_green_bond_framework_2020.pdf); and later updated in 2023 <https://www.nykredit.com/siteassets/ir/files/bond-issuance/green-bonds/nykredit-gbf-2023.pdf>. Sustainalytics has provided SPOs for each version of the Frameworks, available <https://www.nykredit.com/en-gb/investor-relations/bond-issuance/green-bonds/green-bond-framework/>

³ Sustainalytics, “Annual Review, Nykredit.”, at: <https://www.nykredit.com/en-gb/investor-relations/bond-issuance/green-bonds/green-bond-investor-report/>

⁴ All the Nominated Expenditures are in the categories listed in Table 1.

⁵ European Parliament, “Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010”, (2010), at: <https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:153:0013:0035:EN:PDF>

	<ul style="list-style-type: none"> • the building has at least an Energy Performance Certificate (EPC) class A; or • the building is within the top 15 % of the national or regional building stock expressed as operational Primary Energy Demand (PED) <ul style="list-style-type: none"> • For buildings built after 31 December 2020, the Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the national implementation of the nearly zero energy building (NZEB) requirements at the time of acquisition. <p><u>Renovation of existing buildings</u></p> <p>Building renovations that either:</p> <ul style="list-style-type: none"> • Comply with the applicable requirements for major renovations as set in the applicable national and regional buildings regulations for 'major renovations' implementing Directive 2010/31/EU, or • Lead to a reduction in primary energy demand (PED) of at least 30%.⁶ <p><u>Individual measures and professional services</u></p> <p>Direct costs related to:</p> <ul style="list-style-type: none"> • Installation, maintenance and repair of energy efficiency equipment: <ul style="list-style-type: none"> • addition of insulation to existing envelope components; • replacement of existing windows with new energy efficient windows; • replacement of existing external doors with new energy efficient doors; • installation and replacement of energy efficient light sources; • installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems; • installation of low water and energy using kitchen and sanitary water fittings; • Installation, maintenance and repair of renewable energy technologies: <ul style="list-style-type: none"> • solar photovoltaic systems, solar hot water panels and the ancillary and solar transpired collectors; • ancillary technical equipment • heat pumps contributing to the targets for renewable energy in heat and cool; • wind turbines; • thermal or electric energy storage units; • high efficiency micro CHP plant 	
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⁶ The 30% improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account) and can be achieved through a succession of measures within a maximum of three years.

	<ul style="list-style-type: none"> heat exchanger/recovery system. <p>Professional services functional to energy improvements, including but not limited to, technical consultations, accredited energy audits, energy management services.</p>	
Renewable Energy	<p><u>Wind energy</u></p> <ul style="list-style-type: none"> Onshore and offshore wind energy generation facilities and related infrastructure. <p><u>Solar energy</u></p> <ul style="list-style-type: none"> Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities and related infrastructure for production of electricity; Concentrated solar power (CSP) and solar thermal facilities and related infrastructure for production of heat/cooling. <p><u>Hydro power</u></p> <ul style="list-style-type: none"> Projects which electricity generation facility is a run-of-river plant and does not have an artificial reservoir; or Projects where the power density of electricity generation facility is above 5 W/m²; or Projects with the life-cycle GHG emissions from the generation of electricity are lower than 100gCO₂e/kWh. <p><u>Bioenergy</u></p> <ul style="list-style-type: none"> Projects that produce electricity and/or heating/cooling exclusively from biomass, biogas or bioliquids, excluding electricity generation from blending of renewable fuels with biogas or bioliquids (including sustainable aviation fuels). Construction and operation of facilities producing biogas and/or digestate through anaerobic digestion of separately collected bio-waste or sewage sludge. <p><u>Geothermal energy</u></p> <ul style="list-style-type: none"> Geothermal energy generation for electricity and/or heat/cooling and related infrastructure with life-cycle GHG emissions lower than 100 g CO₂e/kWh <p><u>Waste heat/cooling recovery</u></p> <ul style="list-style-type: none"> Construction of facilities that produce heat/cool using waste heat. <p><u>Heat pumps</u></p> <ul style="list-style-type: none"> Installation and operation of electric heat pumps. 	<ul style="list-style-type: none"> Total amount disbursed in DKK million Estimated installed capacity in MW Estimated annual energy production in GWh Annual GHG emissions avoided in tCO₂e
Clean Transportation	<p><u>Low carbon transportation</u></p> <ul style="list-style-type: none"> Zero emission vehicles Retrofits, repurposing or upgrades of transport vehicles to zero emission vehicles. <p><u>Low carbon transportation infrastructure</u></p> <ul style="list-style-type: none"> Infrastructure enabling the use of zero emission vehicles for private, public and freight transportation modes such as electrified railways and electric vehicle charging stations. 	<ul style="list-style-type: none"> Total amount disbursed in DKK million Annual GHG emissions avoided in tCO₂e
Energy Distribution and Storage	<ul style="list-style-type: none"> Transmission and distribution infrastructure in an electricity system that complies with at least one of the following criteria: 	<ul style="list-style-type: none"> Total amount disbursed in DKK million

	<ul style="list-style-type: none"> The system is the interconnected European system, and its subordinate systems; or more than 67 % of newly enabled generation assets comply with the 100gCO₂ e/kWh threshold (over a rolling 5-year period), or the grid's average emissions factor is less than 100gCO₂ e/kWh (over a rolling 5-year period) Direct connections, or expansion of existing direct connections of renewable energy sources Storage facilities including electricity storage and thermal energy storage 	<ul style="list-style-type: none"> Total distance of transmission cables in km Annual energy transmitted in MW Total no. of power transformers
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Table 2: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs as per 2019 and 2020 Framework

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	<p><u>Residential Housing</u></p> <ul style="list-style-type: none"> An energy label⁷ of A⁸ or B⁹ regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18 or later version, corresponding to energy label A and B¹⁰ <p><u>Other Buildings</u></p> <ul style="list-style-type: none"> An energy label of A or B regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18 or later version,¹¹ corresponding to energy label A and B BREEAM or BREEAM-SE (minimum certification "very good") LEED (minimum certification "gold") DGNB (minimum certification "gold") Nordic Swan Sweden Green Building Council Miljöbyggnad (minimum certification "silver") Green Building Or any equivalent international recognisable certification of a building as determined by the Green Bond Committee <p><u>Major renovations</u></p> <p>Existing buildings having undergone energy efficient retrofit or renovation, which meets either:</p>	<ul style="list-style-type: none"> Estimated ex-ante annual energy savings in MWh, no. of individual renovations Estimated ex-ante annual GHG emissions reduced or avoided in tonnes of CO₂ equivalent

⁷ Energy labels will be based on data from the Danish Official Information Service (OIS) – according to the Danish Order on the publication of energy labelling of buildings and inspection reports on boiler and central heating installations etc. ("Bekendtgørelse om offentliggørelse af energimærkninger af bygninger og eftersynsrapporter om kedel- og varmeanlæg m.v."). An energy label for a building is valid for 10 years after issuance. Once a building has obtained an energy label that qualifies it as an Eligible Green Asset it will remain so unless it later gets an energy label below the selection criteria and thus becomes ineligible.

⁸ The "A label" covers labels A, A1, A2, A2010, A2015, A2020 in Danish regulation which guarantee energy consumption – kWh/m² /year ≤ 52.5 + 1,650/A

⁹ The "B label" covers labels B or B1 in Danish regulation which guarantee energy consumption – kWh/m² /year ≤ 70.0 + 2,200/A

¹⁰ MOE – an independent consulting engineer – has conducted a study of the Danish EPCs demonstrating that the mentioned EPC labels and construction codes fall within top 15% in Denmark https://www.nykredit.com/siteassets/ir/files/debt/green-bonds/moe_report_energy_labels_and_energy_efficient_properties_2019-01-25.pdf

¹¹ Construction codes are according to executive order BEK nr. 604 of 29/05/2018

	<ul style="list-style-type: none"> - Requirements set out in the applicable buildings regulation for “major renovations” transposing the Energy Performance of Buildings Directive - The renovation leads to a reduction of primary energy demand, expressed as kWh/sqm per year, of at least 30% in comparison with the energy performance of the building prior to the renovation <p><u>Individual measures and professional services</u></p> <p>Direct costs (e.g. material and labour) related to:</p> <ul style="list-style-type: none"> - Technical interventions aimed at increasing energy efficiency, including, but not limited to addition of insulation, replacement of existing windows, installation of heat pumps, solar panels or installation of energy-efficient lighting. - Professional services functional to energy improvements, such as technical consultations, accredited energy audits, energy management services or similar with a look-back period of three years 	
<p>Renewable Energy¹²</p>	<p>Wind power</p> <ul style="list-style-type: none"> - All facilities, including associated equipment and infrastructure <p>Solar energy</p> <ul style="list-style-type: none"> - All facilities, including associated equipment and infrastructure <p>Bioenergy</p> <ul style="list-style-type: none"> - Manufacturing of biomass, biogas and biofuels produced from advanced feedstock listed in Part A of Annex IX of Directive (EU) 2018/2001 - All facilities, including associated equipment and infrastructure, expected to operate above 80% of GHG emissions reduction in relation to the relative fossil fuel comparator set out in RED II, increasing to 100% by 2050. In addition, all facilities must use feedstock for biomass, biogas and biofuels produced according to the listed feedstock in Part A of Annex IX of Directive (EU) 2018/2001 <p>Hydropower</p> <ul style="list-style-type: none"> - All small-scale facilities with a capacity of fewer than 20 mega-watts, including associated equipment and infrastructure <p>Geothermal</p> <ul style="list-style-type: none"> - All facilities, including associated equipment and infrastructure 	<ul style="list-style-type: none"> • Annual renewable energy generation (MWh) and/or capacity of renewable energy plant(s) • Estimated ex-ante annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
<p>Clean Transportation</p>	<ul style="list-style-type: none"> - Fully electrified, hydrogen, fuel cell or other vehicles such as passenger cars with CO₂ emissions lower than 50 gCO₂/km - EV charging stations and supporting electric infrastructure for the electrification of transport. 	<ul style="list-style-type: none"> • No. of vehicles and/or charging stations • Estimated ex-ante annual GHG emissions

¹² All eligible renewable energy generation projects operate at life cycle emissions lower than 100gCO₂e/kWh

		reduced/avoided in tonnes of CO ₂ equivalent
Energy Distribution	<ul style="list-style-type: none"> - Direct connections, or expansion of existing direct connections of renewable energy sources - Transmission grid expansions and improvements to increase stability, flexibility and availability for connecting and facilitating renewable energy generation and distribution - Storage facilities including electricity storage and thermal energy storage <p>Transmission and distribution infrastructure and equipment in systems, which are “on a trajectory to full decarbonisation”.¹³ A system is “on a trajectory to full decarbonisation” if:</p> <ul style="list-style-type: none"> - 67% of newly connected generations capacity in the system is below the generation threshold value of 100 gCO₂e/kWh over a rolling five-year period; or - The average system grid emissions factor is below the threshold value of 100 gCO₂e/kWh, over a rolling five-year average period - Infrastructure that is creating or expanding an existing direct connection between a power production facility that is more CO₂ intensive than 100 gCO₂e/kWh¹⁴ and a network or substation is excluded - Constructions and operation of pipelines and associated infrastructure for distributing heating and cooling if the system meets the definition of efficient district heating/cooling systems in the EU Energy Efficiency Directive 	<ul style="list-style-type: none"> • Estimated ex-ante annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent • Distance of transmission, energy transmitted (MWh), energy stored (in MWh)

Issuer’s Responsibility

Nykredit is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the Green Bonds. The work undertaken as part of this engagement included collection of documentation from Nykredit and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Nykredit. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Nykredit.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

¹³ EU Joint Research Centre defines that the European Interconnected System and its subordinated systems meet the eligibility criteria to be on a trajectory to full decarbonisation.

¹⁴ Life cycle emissions

Conclusion

Based on the limited assurance procedures conducted,¹⁵ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Nykredit has disclosed to Sustainalytics that the proceeds from the Green Bonds were fully allocated as of December 2024.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Nykredit reported on at least one KPI per use of proceeds category.	None

¹⁵ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation Reporting for Eligible Projects

Use of Proceeds Category	Eligible Activity	Project Description	Number of Projects	Amount Allocated (DKK million)	
Green Buildings	Green Bond Framework 2023				
	Office and Retail	At least 10% lower than threshold for NZEB	3	379.0	
		At least an EPC class A or within the top 15% of the national building stock	40	3,413.6	
	Private Rental	At least 10% lower than threshold for NZEB	12	2,031.8	
		At least an EPC class A or within the top 15% of the national building stock	60	6,044.0	
	Public Housing	At least 10% lower than threshold for NZEB	1	10.2	
	Social and Cultural	At least 10% lower than threshold for NZEB	2	111.7	
		At least an EPC class A or within the top 15% of the national building stock	1	22.5	
	Green Bond Framework 2019 and 2020				
	Office and Retail	An energy label of A or B regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18; or later version corresponding to energy labels A and B		37	2,379.2
		BREEAM or BREEAM-SE -Very Good		8	6,355.6
		LEED -Gold		2	1,087.5
		Swedish EPC label A or B		5	2,313.7
	Private Rental	An energy label of A or B regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18; or later version corresponding to energy labels A and B		33	3,866.4
		Sweden Green Building Council Miljöbyggnad (minimum certification Silver)		9	1,100.1
	Public Housing	An energy label of A or B regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18; or later version corresponding to energy labels A and B		2	121.2
		Individual measures and professional services		1	22.0
Social and Cultural	An energy label of A or B regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18; or later version corresponding to energy labels A and B		3	445.0	
Renewable Energy	Solar Energy	PV, CSP and solar thermal facilities for production of electricity	2	548.9	

	Onshore and Offshore Wind Power	Onshore and offshore wind energy generation facilities	4	780.3
Clean Transportation	Plug-in Hybrid Cars ¹⁶	Vehicles with CO ₂ emissions lower than 50 gCO ₂ /km	1,297	232.65
	Electric Cars	Zero emission vehicles	9,317	2,126.27
Energy Distribution and Storage	Energy Distribution	Distribution and storage of electricity	2	3,520.0
Total Amount Allocated				36,912.00¹⁷
Total Proceeds Unallocated				0.00
Total Net Proceeds Raised				33,968.85

¹⁶ Nykredit has confirmed to Sustainalytics that hybrid vehicles with CO₂e emissions up to 50 gCO₂/km are only accounted for until March 2023. The eligibility criteria for hybrid vehicles is determined as per the Nykredit Green Bond Framework 2020, which was updated in 2023 to include only zero-emission vehicles under the Clean Transportation category.

¹⁷ Nykredit has confirmed that 91% of their green loan portfolio were financed by proceeds from the Green Bonds (DKK 33,968.85 million).

Appendix 2: Reported Impact¹⁸

Table 4: Reported Impact for Eligible Projects

Use of Proceeds Category	Eligible Activity	Project Description	Number of Projects	Environmental Impact Reported by Eligibility Criteria	
Green Buildings	Green Bond Framework 2023				
	Office and retail	At least 10% lower than threshold for NZEB	3	<ul style="list-style-type: none"> 5,599 MWh of energy saved 341.6 tCO₂e avoided 	
		At least an EPC class A or within the top 15% of the national building stock	40	<ul style="list-style-type: none"> 9,512 MWh of energy saved 686.2 tCO₂e avoided 	
	Private rental	At least 10% lower than threshold for NZEB	12	<ul style="list-style-type: none"> 5,683 MWh of energy saved 358.5 tCO₂e avoided 	
		At least an EPC class A or within the top 15% of the national building stock	60	<ul style="list-style-type: none"> 6,817 MWh of energy saved 430.6 tCO₂e avoided 	
	Public housing	At least 10% lower than threshold for NZEB	1	<ul style="list-style-type: none"> 25 MWh of energy saved 3.9 tCO₂e avoided 	
	Social and cultural	At least 10% lower than threshold for NZEB	2	<ul style="list-style-type: none"> 400 MWh of energy saved 24.4 tCO₂e avoided 	
		At least an EPC class A or within the top 15% of the national building stock	1	<ul style="list-style-type: none"> 104 MWh of energy saved 6.4 tCO₂e avoided 	
	Green Bond Framework 2019 and 2020				
	Office and retail	An energy label of A or B regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18; or later version corresponding to energy labels A and B		37	<ul style="list-style-type: none"> 6,351 MWh of energy saved 609.0 tCO₂e avoided
		BREEAM or BREEAM-SE -Very Good		8	<ul style="list-style-type: none"> 2,563 MWh of energy used 215.0 tCO₂e emitted
		LEED -Gold		2	<ul style="list-style-type: none"> 1,717 MWh of energy used 144.2 tCO₂e emitted
		Swedish EPC label A or B		5	<ul style="list-style-type: none"> 909 MWh of energy saved 76.4 tCO₂e avoided
	Private rental	An energy label of A or B regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18; or later version corresponding to energy labels A and B		33	<ul style="list-style-type: none"> 6,632 MWh of energy saved 420,2 tCO₂e avoided
		Sweden Green Building Council Miljöbyggnad (minimum certification Silver)		9	<ul style="list-style-type: none"> 79 MWh of energy saved 6.7 tCO₂e avoided

¹⁸ Nykredit has communicated to Sustainalytics that the reported impact corresponds to the 91% of their green loan portfolio which were financed/refinanced by proceeds from the Green Bonds.

	Public housing	An energy label of A or B regardless of the year of construction or properties compliant with construction codes BR08, BR10, BR15, BR18; or later version corresponding to energy labels A and B	2	<ul style="list-style-type: none"> • 730 MWh of energy saved • 44.6 tO₂e avoided
		Individual measures and professional services	1	<ul style="list-style-type: none"> • 895 MWh of energy saved • 54.6 tO₂e avoided
	Social and cultural	An energy label of A or B regardless of the year //of construction or properties compliant with construction codes BR08, BR10, BR15, BR18; or later version corresponding to energy labels A and B	3	<ul style="list-style-type: none"> • 1,354 MWh of energy saved • 82.6 tO₂e avoided
Renewable Energy	Solar energy	PV, CSP and solar thermal facilities for production of electricity	2	<ul style="list-style-type: none"> • 255 MWh of energy saved • 48,772.9 tCO₂e avoided
	Wind power	Onshore and offshore wind energy generation facilities	4	<ul style="list-style-type: none"> • 230 MWh of energy saved • 43,885.8 tCO₂e avoided
Clean Transportation	Plug-in hybrid cars	Vehicles with CO ₂ emissions lower than 50 gCO ₂ /km	1,297	<ul style="list-style-type: none"> • 1,954.7 tCO₂e avoided • 8.40 tCO₂e per DKK million
	Electric cars	Zero emission vehicles	9,317	<ul style="list-style-type: none"> • 19,236.1 tCO₂e avoided • 9.05 tCO₂e per DKK million
Energy Distribution and Storage	Energy distribution	Distribution and storage of electricity	2	<ul style="list-style-type: none"> • 11,970 Km Distance of transmission cables • 2,570 GWh Annual energy transmitted • 5,553 Number of power transformers

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