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Corporates
Utilities - Non US
Latvia

Latvenergo AS

Pre-Issuance Review – European Green Bond Assessment

Latvenergo AS (Latvenergo) is a Latvian electricity producer and supplier in the Baltics. It published a factsheet to issue European green bonds (EuGBs) under Regulation (EU) 2023/2631. The factsheet's use of proceeds (UoP) categories include electricity distribution, storage and generation from renewables as well as low-carbon transport, in line with the EU Taxonomy Regulation (EU) 2020/852. Transactions under the factsheet align with the core pillars of the ICMA Green Bond Principles.

Alignment of Factsheet and Transactions

Alignment of factsheet with Regulation (EU) 2023/2631 and Regulation (EU) 2020/852[a]	Alignment of transactions with ICMA Green Bond Principles
4.1 Electricity generation using solar photovoltaic technology 4.3 Electricity generation from wind power 4.5 Electricity generation from hydropower 4.9 Electricity transmission and distribution 4.10 Storage of electricity 6.15 Infrastructure enabling low-carbon road transport and public transport	• Renewable energy • Clean transportation

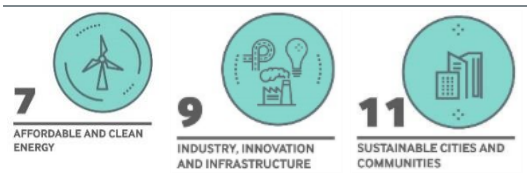
[a]For the full EU taxonomy analysis, refer to page 8.

Key Debt Details

Instrument:	Bond	**Type[b]:**	European Green Bond
Issuer Legal Name:	Latvenergo AS		
LEI:	213800DJRB539Q1EMW75		
Date of Publication of European Green Bond Factsheet:	13 October 2025		

[b]As defined by issuer.

Relevant UN Sustainable Development Goals



European Green Bond Assessment

Date assigned	13 October 2025
Framework Type	European Green Bond
European Green Bond Assessment	✓ **Regulation (EU) 2023/2631** on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds ✓ **Regulation (EU) 2020/852** on the establishment of a framework to facilitate sustainable investment

European Green Bond Methodology

Index

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European Green Bond Pre-issuance Review Summary

Factsheet sections	Alignment	Key Drivers
General Information		• Latvenergo AS intends to issue EuGBs aligned with Regulation (EU) 2023/2631, to finance fully taxonomy-aligned projects within the following categories: – 4.1 Electricity generation using solar photovoltaic technology – 4.3 Electricity generation from wind power – 4.5 Electricity generation from hydropower – 4.9 Electricity transmission and distribution – 4.10 Storage of electricity – 6.15 Infrastructure enabling low-carbon road transport and public transport • Sustainable Fitch conducted a pre-issuance external review of Latvenergo's EuGB factsheet, with a focus on assessing the alignment of the factsheet with Regulation (EU) 2023/2631 and the included economic activities with Regulation (EU) 2020/852 (the EU taxonomy). • We have identified no conflicts of interest related to us providing the external review.
Introductory Statement		• We have assessed the completed EuGB factsheet laid down in Annex I to Regulation (EU) 2023/2631 of the European Parliament and of the Council. • We consider transaction(s) under this factsheet and instrument to be aligned with the Regulation (EU) 2023/2631. • This review represents an independent opinion of the external reviewer, and is to be relied upon only to a limited degree.
Statement on the Alignment of UoP with Regulation (EU) 2020/852		• We consider that the UoP are aligned with Regulation (EU) 2020/852.
Sources, Assessment Methodologies and Key Assumptions		• Latvenergo EuGB factsheet (October 2025) • Latvenergo Group consolidated and Latvenergo AS annual report 2024 • EU Taxonomy Compass • Sustainable Fitch European Green Bond Assessment and EU Taxonomy – Methodology (13 December 2024)
Assessment and Opinion		• The quality of information provided by the issuer is sufficient to perform the review. • The issuer demonstrates alignment with Article 4 of Regulation (EU) 2023/2631, as it discloses that the proceeds are intended to finance the group's taxonomy-aligned expenditures under the gradual approach. • The option to use flexibility permitting partial non-alignment with the technical screening criteria, as set forth in Article 5 of Regulation (EU) 2023/2631, has not been exercised in any issuance under this factsheet. • The provisions of Article 6 of Regulation (EU) 2023/2631 regarding the allocation of proceeds of financial assets are not applicable to any issuance under this factsheet. • The requirement to publish a capex plan, as referred to in Article 7 of Regulation (EU) 2023/2631, is not applicable to any issuance under this factsheet. • The issuer demonstrates alignment with Article 8 of Regulation (EU) 2023/2631, as it discloses that the proceeds are expected to finance expenditures, which is aligned with the technical screening criteria and minimum safeguards of the EU taxonomy applicable at the time of issuance.
Any Other Information		• Not applicable.

ICMA Green Bond Principles Alignment Summary

Pillar	Alignment	Key Drivers
Overall	Excellent	• We confirm that this programme to issue EuGB transactions also complies with the four pillars of the ICMA Green Bond Principles (2025 version with the June 2022 appendix), namely UoP, process for project evaluation and selection, management of proceeds and reporting.
Use of Proceeds	Excellent	• We consider the eligible UoP categories in Latvenergo's factsheet to have an excellent environmental impact by complying with the technical screening criteria and contributing to the EU taxonomy's climate change mitigation objective. • The UoP categories are aligned with the renewable energy and clean transportation categories of the ICMA Green Bond Principles.
Use of Proceeds – Other Information	Good	• We view it positively that the factsheet effectively excludes controversial projects from allocation through its compliance with the EuGB standard, whereby only projects meeting stringent technical screening criteria are eligible for funding. • The factsheet's lookback period is compliant with EuGB standard requirements: no specific lookback period is defined for capex, while opex is subject to a three-year lookback period. We view this as in line with standard market practice. • Latvenergo's factsheet does not specify whether proceeds will be allocated to new investments or to the refinancing of existing projects, which somewhat constrains our assessment. However, the company's factsheet indicates it intends to disclose the share of proceeds allocated to financing versus refinancing, where available, to investors, prior to the issuance of EuGBs.
Evaluation and Selection	Excellent	• We view it positively that the issuer has robust systems for project evaluation and selection, led by its environmental management department and treasury department. Latvenergo's project evaluation and selection process is single-layered, with final approval by its chief financial officer. • These departments are also responsible for excluding projects that are no longer aligned with the EU taxonomy technical screening criteria, thereby further ensuring alignment with the taxonomy requirements.
Management of Proceeds	Good	• Latvenergo will use a dedicated register to manage proceeds raised from issuances under its factsheet. Additionally, unallocated proceeds are held in short-term liquid cash assets. These commitments are in line with standard market practices. • We positively view that the company specifies its ability to exclude projects that are no longer aligned with the EU taxonomy criteria or have been cancelled or divested as part of project selection process.
Reporting and Transparency	Excellent	• The issuer commits to publish allocation reporting within 270 days of the last day of the calendar year of issuance, and impact reporting at least once during the bond's lifetime. These commitments are in line with the requirement under the EuGB regulation. • Latvenergo intends to publish allocation and impact information at an activity level, in line with standard market practice. We consider reporting at the project level to be market best practice.

Use of Proceeds Summary

Green	Description	ICMA category	EU compass sector and activity	NACE code
UoP 1	Renewable energy	Renewable energy	4.1 Electricity generation using solar photovoltaic technology 4.3 Electricity generation from wind power 4.5 Electricity generation from hydropower 4.9 Electricity transmission and distribution 4.10 Storage of electricity	D35.11, D35.13, D35.16, F42.22
UoP 2	Clean transportation	Clean transportation	6.15 Infrastructure enabling low-carbon road transport and public transport	D35.15

Source: Sustainable Fitch, EU Taxonomy Compass, Eurostat

Factsheet Highlights

Intended allocation approach:	Gradual approach
UoP intended for activities that are environmentally sustainable[a]	100% of the bond proceeds

[a] Under Article 3 of Regulation (EU) 2020/852.

Our external review of Latvenergo's EuGB factsheet considers the factsheet as aligned with Regulation (EU) 2023/2631, and that the economic activities included in the EuGB factsheet are aligned with Regulation (EU) 2020/852 (the EU taxonomy).

The EuGB factsheet includes two UoP categories mapped to six taxonomy-eligible activities that contribute to the climate change mitigation environmental objective:

- 4.1 electricity generation using solar photovoltaic technology;
- 4.3 electricity generation from wind power;
- 4.5 electricity generation from hydropower;
- 4.9 electricity transmission and distribution;
- 4.10 storage of electricity; and
- 6.15 infrastructure enabling low-carbon road transport and public transport.

As part of our external review, we assessed the alignment with the EU taxonomy for each of the activities. In the assessment, we verified the UoP's alignment with the substantial contribution criteria (SCC), do no significant harm (DNSH) criteria and minimum safeguards.

Latvenergo's factsheet commits to aligning all financed or refinanced projects through its EuGBs with the EU taxonomy's technical screening criteria, which include SCC, DNSH criteria and minimum safeguard criteria.

We used company-provided information to assess alignment with the SCC. We used company-provided information to verify alignment with the DNSH criteria and considered the availability of clear performance metrics for the taxonomy thresholds; any processes and proposed measures to limit harm to environmental objectives, such as impact assessments and policies; and compliance with key international standards and national and regional legislation that would affect the project. We confirmed the absence of controversies related to the activity.

We also verified compliance with the minimum safeguards by reviewing Latvenergo's human rights, labour standards, and governance policies and practices. The company confirmed that its policies align with internationally recognised standards that are consistent with the principles in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. These frameworks are embedded in its code of ethics and supplier code of conduct, which govern areas such as human rights, environmental protection and ethical business conduct.

We do not rely on assumptions to confirm alignment with the SCC, DNSH criteria or minimum safeguards, but on company-provided disclosure or other public information. We consider the economic activities in the factsheet as fully aligned with the EU taxonomy, ie with the SCC, DNSH criteria and minimum safeguards.

Latvenergo's factsheet demonstrates compliance with EuGB reporting requirements, including a commitment to publish an allocation report within 270 days after the end of the issuance year and to report on the environmental impact of proceeds at least once during the bond's lifetime, following full allocation.

Latvenergo anticipates that the allocation of its first EuGB issuance will potentially be directed to electricity generation from wind power, with a minor allocation towards electricity generation from hydropower and storage of electricity.

Source: Sustainable Fitch, Latvenergo EuGB factsheet

Entity Highlights

Taxonomy-Aligned Turnover	Taxonomy-Aligned Capex	Taxonomy-Aligned Opex
EUR738.4 million (43.3%)	EUR502.3 million (94.7%)	EUR123.2 million (46.6%)

Source: Latvenergo EuGB factsheet, Latvenergo annual report 2024

The Latvenergo group is a Latvian state-owned energy utility that comprises the parent company (Latvenergo) and its subsidiaries. The group is active across electricity and thermal energy generation and trade, natural gas trade, related energy-efficiency products and services, and electricity distribution. Operations are organised in two segments: generation and trade, and distribution of electricity.

The Latvenergo group is one of the largest energy suppliers in the Baltics with a balanced generation portfolio built around hydropower and combined heat and power, and a notable retail footprint across Latvia, Lithuania and Estonia. In 2024, the share of renewables in the company's electricity generation was 66.2% (65.0% hydropower; 1.2% biomass, solar and wind) and the remaining 33.8% constituted natural gas. The company's vision is to be the leading sustainable solutions provider in the energy industry, driving development with friendly, innovative and sustainable solutions.

Latvenergo continues to implement its group-level medium-term operational strategy for 2022–2026 with a strong focus on expanding renewable energy capacity, modernising infrastructure, and supporting the transition to a climate-neutral economy that are across activities included in this factsheet.

The company aims for its renewable energy generation to reach a combined solar and wind capacity of 600MW by 2026 and 2,300MW beyond 2030, with large-scale projects such as the Telšiai and Laflora wind farms and the DSE Aizpute solar park already in development.

Hydropower remains a strategic backbone, with ongoing reconstruction of the Daugava hydropower plants (HPPs) ensuring long-term operational resilience and sustainability. A multi-year reconstruction programme is underway to extend the operational life of these assets, in line with the strategy's objective to safeguard and enhance the value of hydropower infrastructure.

Latvenergo also aims to advance in electricity storage infrastructure, targeting 250MW of capacity with 500MWh of electricity storage capacity by 2030 to enhance grid flexibility and support renewable integration.

Sadales tīkls AS, a Latvenergo subsidiary, distributes electricity to over 798,000 customers across Latvia. Sadales tīkls continues to modernise its electricity distribution network, integrating smart-grid technologies and enabling bi-directional flows to support microgeneration and electrification, which are key pillars of the company's strategy to ensure a sustainable and economically viable distribution service.

The company also aims to continue supporting electrification of the transport sector by expanding infrastructure for low-carbon transport. The company's Elektrum Drive network includes high-capacity 300kW stations in five Latvian cities and access to 974 ports across the Baltics via partnerships. The network is expected to grow to 1,200–1,500 ports by 2026 and about 3,000 by 2030, supporting both passenger and freight electrification.

Source: Sustainable Fitch, Latvenergo annual report 2024, Latvenergo group presentation 2024

Relevant UN Sustainable Development Goals

- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.

- **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.

- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

Source: Sustainable Fitch, UN

European Green Bond Assessment – Pre-Issuance Review

Introductory Statements | European Green Bond Assessment - Pre-Issuance Review

Sustainable Fitch has assessed the completed European Green Bond factsheet laid down in Annex I to Regulation (EU) 2023/2631 of the European Parliament and of the Council.

This review represents an independent opinion of the external reviewer and is to be relied upon only to a limited degree.

Alignment Statement

Sustainable Fitch considers transaction(s) under the European Green Bond factsheet to be aligned with Regulation (EU) 2023/2631 and the use of proceeds are aligned with Regulation (EU) 2020/852.

Alignment with EU Taxonomy - Summary of criteria applied within the EU

UoP	E/T	Technical Screening Criteria												MS	Full Alignment
		SCC						DNSH							
		EO1	EO2	EO3	EO4	EO5	EO6	EO1	EO2	EO3	EO4	EO5	EO6		
UoP 1: Renewable energy															
4.1 Electricity generation using solar photovoltaic technology		√	—	—	—	—	—	—	√	—	√	—	√	√	√
4.3 Electricity generation from wind power		√	—	—	—	—	—	—	√	√	√	—	√	√	√
4.5 Electricity generation from hydropower		√	—	—	—	—	—	—	√	√	—	—	√	√	√
4.9 Electricity transmission and distribution	E	√	—	—	—	—	—	—	√	—	√	√	√	√	√
4.10 Storage of electricity	E	√	—	—	—	—	—	—	√	√	√	—	√	√	√
UoP 2: Clean transportation															
6.15 Infrastructure enabling low-carbon road transport and public transport	E	√	—	—	—	—	—	—	√	√	√	√	√	√	√

Overall instrument alignment	√
EU Taxonomy Aligned Amount (%)	**100%**

Key

√ Fully aligned with the requirements
X Not aligned with the requirements
— No applicable requirements

UoP Use of proceeds
E Enabling, as per EU Taxonomy Compass
T Transitional, as per EU Taxonomy Compass
SCC Substantial contribution criteria
DNSH Do no significant harm criteria
MS Minimum safeguards

Source: Sustainable Fitch

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

Use of Proceeds	UoP 1: Renewable energy
Contribution to EU Environmental Objectives (EOs)	**EO1**
Applicable Economic Activity	• 4.1 Electricity generation using solar photovoltaic technology • 4.3 Electricity generation from wind power • 4.5 Electricity generation from hydropower • 4.9 Electricity transmission and distribution • 4.10 Storage of electricity
Substantial Contribution Criteria (SCC)	Yes. Overall, the activities included in the renewable energy UoP align with the SCC for EO1. Expenditures under the renewable energy UoP will finance a range of EU taxonomy-eligible activities across electricity generation from solar PV (4.1), wind power (4.3) and hydropower (4.5). Electricity generation from solar PV and wind projects substantially contribute to climate change mitigation without needing to meet additional thresholds. Expenditures related to electricity generation from hydropower can substantially contribute to the climate change mitigation objective if the project is run-of river and does not have an artificial reservoir; has a power density of above 5W/sqm; or has life-cycle GHG emissions below 100gCO2e/kWh. Latvenergo's HPPs substantially contribute to climate change mitigation as their power densities exceed 5W/sqm. The company intends to use funds to finance and refinance its investment in the following plants: • Pļaviņas HPP (25.9W/sqm) • Ķegums HPP (10.0W/sqm) • Rīga HPP (11.2W/sqm) Electricity distribution expenditures can substantially contribute to climate change mitigation under activity 4.9 if the distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria: • the system is the interconnected European system, ie the interconnected control areas of member states, Norway, Switzerland and the UK, and its subordinated systems; • more than 67% of newly enabled generation capacity in the system is below the generation threshold of 100gCO2e/kWh, measured on a life-cycle basis, in accordance with the electricity generation criteria and over a rolling five-year period; or • the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold of 100gCO2e/kWh, measured on a life-cycle basis, in accordance with the electricity generation criteria, and over a rolling five-year period. The SCC exclude infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more GHG intensive than 100gCO2e/kWh, measured on a life-cycle basis. The SCC also state a list of aligned activities, including construction and/or installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation, and installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant. The factsheet's eligibility criteria for activity 4.9 are in line with the SCC regarding the system being part of the European interconnected system. The Latvenergo group operates an electricity distribution system that is part of the Latvian national electricity network, which is managed by the transmission system operator AS Augstsprieguma tīkls. The Latvian transmission network forms part of the interconnected European electricity system. Sadales tīkls is a distribution system operator and functions within a subordinated system of this broader European interconnected system.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

		Furthermore, Latvenergo stated in its 2024 annual report that its network is dedicated to the transport of electricity with a significant share from renewable sources. In 2024, the company connected more than 910MW of a total generation capacity of microgenerators and generators (producers) to its distribution system, where 70% of the total connected capacity is derived from solar panels and solar power plants. This UoP also includes financing electricity storage projects. Construction and operation of facilities that store electricity and return it at a later time in the form of electricity is eligible to contribute to climate change mitigation under activity 4.10. Electricity storage projects, including pumped hydropower storage, substantially contribute to climate change mitigation without having to meet additional thresholds when the storage does not use a chemical source as a medium. Where chemical energy storage is involved, the storage medium must comply with the SCC for manufacturing the corresponding chemical product under the EU taxonomy. Latvenergo confirmed that projects under this UoP exclude chemical electricity storage, focusing instead on battery storage, which is exempt from meeting specific SCC. Specific electricity storage technologies are not detailed in the company's factsheet, though the factsheet commits to only finance activities that are aligned with the SCC.
Do No Significant Harm (DNSH)	**EO1**	n.a.
	EO2	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria. Projects related to solar, wind and hydropower generation; electricity distribution; and electricity storage that have been selected for financing comply with the criteria outlined in Appendix A. Each project underwent a structured climate risk and vulnerability assessment to identify significant physical climate risks that could affect energy infrastructure. This assessment considered both exposure and sensitivity, using location-specific data and incorporating national and regional climate projections over the expected operational lifetime of the assets. This typically exceeds 20 years in the case of HPPs. HPPs also require hydrological models and long-term water-flow scenarios to be considered as part of the climate risk and vulnerability assessment. The analysis is based on the most recent climate projections and follows internationally recognised methodologies, including those referenced in Intergovernmental Panel on Climate Change (IPCC) reports and peer-reviewed scientific literature. The company uses climate scenarios SSP1-2.6 (low climate change), SSP2-4.5 (moderate climate change), and SSP3-7.0 (significant climate change) per the Latvian Environment, Geology and Meteorology Centre's (LEGMC) methodology, which are based on IPCC AR6 and CMIP6 models. These scenarios correspond to earlier Representative Concentration Pathways (RCPs) (eg, RCP2.6, RCP4.5 and RCP7.0) and provide a scientifically robust basis for assessing climate risks. This approach complies with the DNSH criteria. The EU taxonomy's FAQ state that lower-end scenarios such as RCP4.5 may be used if an activity has been subject to climate-related hazards in the past, and the precautionary principle of using RCP8.5 is exempted. The company confirmed that its activities under this UoP are subject to such impacts, and therefore, the use of SSP3-7.0 — a high-emissions scenario broadly aligned with the precautionary intent of RCP8.5 — is appropriate and sufficient for assessing upper-bound climate risks. HPPs are particularly sensitive to changes in precipitation patterns; river discharge variability; and extreme weather events such as floods, droughts and ice formation. These risks can affect reservoir levels, turbine efficiency, dam safety and grid stability. The assessment identified key exposure factors for each facility, including upstream catchment vulnerability, seasonal flow shifts and potential sedimentation impacts. Each of Latvenergo's projects integrate physical and non-physical adaptation measures to strengthen resilience based on identified risks. Adaptation measures for hydropower projects include reinforced dam structures, updated flood control protocols, flexible water-management systems and operational adjustments to accommodate seasonal and long-term hydrological variability. Real-time monitoring systems are in place to track water levels, inflow rates and weather conditions, enabling timely and informed responses to climate-related disruptions. Where appropriate, non-structural measures – such as emergency preparedness plans, staff training, and coordination with national water authorities – are also implemented to enhance overall system resilience. Adaptation measures for solar projects include strategic site selection informed by flood and wind exposure analysis, structural reinforcement through optimised panel mounting systems, and operational protocols designed to respond to extreme weather

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	events. Solar projects also incorporate nature-based solutions and green infrastructure where feasible, such as vegetation buffers to reduce erosion and surface runoff, and alignment with local land use and biodiversity strategies. Adaptation measures for wind projects were careful site selection informed by wind pattern analysis, icing risk, and exposure to extreme weather events; structural reinforcement of turbine foundations and towers; and operational protocols designed to manage high wind conditions, storms, and other climate-related hazards. Climate risk and adaptation considerations are also integrated into the environmental impact assessment (EIA) process for each project, ensuring a comprehensive evaluation of potential impacts and mitigation measures in accordance with national legislation and EU environmental standards. All adaptation measures are subject to ongoing monitoring using predefined indicators. Corrective actions are considered to ensure continued resilience if performance targets are not met. Importantly, the measures do not compromise the adaptive capacity of surrounding communities, ecosystems or infrastructure. Latvenergo confirmed that its climate risk assessment for electricity distribution covers distribution lines, substations, transformers, switching equipment and associated operational processes; it evaluates both exposure and sensitivity using location-specific data and incorporates national and regional climate projections aligned with the assets' expected operational lifetime. All of Latvenergo's electricity storage facilities have undergone a structured climate risk and vulnerability assessment, covering physical climate risks that could potentially affect battery energy storage systems (BESS) infrastructure throughout its expected operational lifetime. The company confirmed the use of the most up-to-date IPCC reports in climate projections and that each facility integrates both physical and non-physical adaptation measures to enhance resilience against identified risks. It further confirmed that all adaptation measures are subject to ongoing monitoring using predefined indicators.
EO3	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria. No offshore wind projects are currently planned or implemented. As such, the provisions related to marine environmental impacts, including those concerning underwater noise and energy emissions, are not applicable to the assessed projects. Projects for operating and renovating existing HPPs must mitigate negative impacts on water, protected habitats and species dependent on water, including through measures to ensure downstream and upstream fish migration, minimum ecological flow and sediment flow, and protection of habitats. Fragmentation of water bodies in the same river basin district should not be increased. The operation of the Pļaviņas, Ķegums and Rīga HPPs fully aligns with national water management legislation and complies with Directive 2000/60/EC (Water Framework Directive), including Article 4. Each facility operates under a valid water-use permit issued by the Latvian State Environmental Service, which remains in force for the plant's entire operational lifetime. Pļaviņas HPP operates under water use permit No. MA10DU0019, Ķegums HPP under permit No. RI13DU0001 and Rīga HPP under permit No. RI10DU0026. These permits define the technical, operational and environmental conditions necessary to ensure the sustainable use of water resources and the protection of water bodies within the respective river basin districts. They cover water-level management, flow regulation, hydrotechnical safety and monitoring obligations, providing a legal framework for responsible operation. Operational regimes are governed by approved reservoir management rules and hydrotechnical safety programmes, which specify permissible water levels, flow regimes and drawdown rates, including seasonal variations and emergency protocols. Ecological flow is not explicitly defined in the permits, but water level and discharge regulation is designed to maintain hydrological stability and avoid abrupt changes that could negatively affect the ecological status of the water bodies. Monitoring is carried out in accordance with permit requirements and includes continuous measurement of water levels, calculation of discharge volumes and regular reporting to the competent authorities. All data are retained and made available for inspection. The effectiveness of operational measures is periodically reviewed, and the permits include provisions for coordination in the event of significant changes to operations or infrastructure, ensuring that any modifications are assessed for their potential impact on water status. The HPPs operate within the framework of integrated river basin management and do not permanently compromise the achievement of good ecological status or potential of the affected water bodies. Regulatory oversight and periodic reassessment support adaptive management, long-term sustainability and alignment with the objectives of the Water Framework Directive, ensuring that hydropower generation is compatible with environmental protection and sustainable water resource management.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	The BESS installations intended to receive EuGB funding are not subject to a formal EIA or screening procedures under either the EIA directive or applicable Latvian legislation. Latvenergo's environmental management department carries out internal assessments of investment projects that may have environmental impacts. Latvenergo identifies and addresses water-related risks and implements mitigation measures. A standalone "water use and protection management plan" is not explicitly disclosed, but the company's EIAs are conducted for all investment projects, including water-related impacts. Additionally, there are additional criteria for pumped hydropower. Pumped hydropower storage connected to a river body must comply with the DNSH criteria for activity 4.5 electricity production from hydropower. The company's current electricity storage units only include BESS installations; therefore, Latvenergo's current operations under this activity are not relevant to this criterion.
EO4	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria. Solar and wind projects must include an assessment of the availability of and, where feasible, use equipment and components of high durability and recyclability and that are easy to dismantle and refurbish. Latvenergo confirmed that the solar PV panels and associated components it utilises are selected for their long life cycle, recyclability and modular design, which supports efficient maintenance, component replacement and material reuse. Key materials, such as glass, aluminium and semiconductor components, are designed for disassembly and recycling, enabling efficient material recovery at the end of their life cycle and minimising waste generation during both operational and decommissioning phases. The PV modules were type-certified according to IEC 61215, ensuring durability and long-term performance, and comply with IEC 61730 safety requirements, supporting their safe operation over an expected service life of 25–30 years. The modular design also facilitates preventive maintenance, reducing the need for full system replacement and minimising life-cycle environmental impacts. In addition, the manufacturers of the installed solar panels adhere to internationally recognised standards for performance, safety and environmental resilience. The production processes are certified under ISO 9001:2015 (quality management), ISO 14001:2015 (environmental management) and ISO 45001:2018 (occupational health and safety), ensuring responsible manufacturing practices, including systematic resource optimisation, waste reduction and minimisation of environmental impacts. The selection and use of certified, high-quality equipment and materials, combined with modular design and recyclable components, demonstrate that the activity does not cause significant harm to the circular economy objective, in line with EU taxonomy requirements. Latvenergo's sustainability strategy includes a specific target to promote the longevity, reuse, and recyclability of materials used in renewable energy technologies. The group aims to ensure that at least 90% of materials for wind turbines are recyclable at the end of their life cycle. Circular economy considerations are integrated into the EIA process, which includes a review of material selection, design for disassembly and end-of-life management strategies. Supplier selection also considers the ability to meet circularity requirements, ensuring that deployed technologies align with long-term sustainability objectives. Electricity distribution and storage projects require a waste management plan that ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy. This includes contractual agreements with waste management partners, reflection in financial projections or official project documentation. Latvenergo demonstrates alignment through a comprehensive waste management strategy that prioritises reuse and recycling in accordance with the waste hierarchy. This strategy is supported by contractual agreements with waste management partners to ensure proper treatment of waste, and integration into financial projections and project documentation, reflecting the company's commitment to sustainable resource use. The company also confirmed that it promotes the use of recycled or secondary materials in new infrastructure projects. Latvenergo adopted complementary policies that promote circular economy principles across its operations and value chain. These policies aim to reduce the consumption of virgin materials and prevent waste generation through waste reduction targets and increased recycling rates within its own operations, supplier selection criteria that emphasise responsible sourcing and production practices, and procurement planning to avoid overstocking and accumulation of unused materials.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	The criteria for electricity distribution and electricity storage further require that processes are in place to maximise the separation of waste streams and to prioritise recycling over disposal. The criteria further require that processes are in place to maximise the separation of waste streams and to prioritise recycling over disposal. Latvenergo implemented separate waste collection systems to facilitate recycling and established agreements with waste management providers that ensure compliance with circular economy principles. The company's 2024 annual report highlights the implementation of more than 10 initiatives aimed at promoting sustainable consumption during the reporting year. The criteria for electricity distribution and electricity storage also require that a waste management plan covers the end-of-life treatment of equipment and materials where relevant, and that contractual arrangements are in place with waste management partners to ensure proper treatment. Latvenergo meets this requirement through promotion of durability, reuse and recycling of equipment and materials, particularly in the development of renewable energy technologies and inclusion of end-of-life considerations in its resource use and waste management approach, ensuring that equipment and components are recycled or reused within the industry. It expects that suppliers and business partners adopt similar practices for end-of-life treatment.
EO5	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria. The criteria for distribution projects require that equipment and infrastructure used in distribution do not use polychlorinated biphenyls (PCBs). Sadales tīkls, Latvenergo's subsidiary responsible for electricity distribution, confirmed that PCBs are not used in any electrical equipment, its procurement policies explicitly prohibit the acquisition of PCB-containing components, and any legacy equipment containing PCBs has been fully removed and disposed of in accordance with legal and environmental requirements. The criteria also require that distribution activities respect applicable norms and regulations to limit the impact of electromagnetic radiation on human health and the environment. The company confirmed that it complies with Council Recommendation 1999/519/EC on limiting public exposure to electromagnetic fields (0Hz to 300GHz), and all infrastructure is designed, installed and operated within recommended exposure limits. The criteria further require the implementation of an environmental management system to ensure compliance with pollution prevention requirements. The company has an ISO 14001:2015-certified environmental management system, which integrates a comprehensive pollution management and control approach. The company also maintains management systems certified with ISO 45001:2018. These certifications confirm that the company established systems for environmental management, and health and safety management in line with international standards.
EO6	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria for biodiversity. Latvenergo confirmed that all investment projects with potentially significant environmental impacts have undergone either a formal EIA or screening procedure where required. In other instances, an internal environmental assessment was conducted by the company's environmental experts. This overall procedure includes biodiversity and water-related assessments, and the company integrated biodiversity impact assessments into project planning. Latvenergo confirmed following screening that a full EIA procedure is not required for all its solar energy projects, including for those located within or near protected or environmentally sensitive areas. It has conducted environmental assessments of projects situated in zones with potential impacts on specially protected natural territories, including Natura 2000 sites, UNESCO World Heritage sites, key biodiversity areas and other protected areas. The necessary mitigation and compensation measures to protect biodiversity and ecosystems are implemented based on the conclusions of these assessments. The company conducted an internal environmental evaluation for project sites located outside protected areas or ecologically sensitive habitats. These internal assessments rely on available environmental data, project-specific characteristics and established best practices. Such evaluations in Latvia are aligned with the national "Solar Park Environmental Planning Guidelines," which provide specific recommendations for assessing biodiversity, habitats and other environmental considerations during site selection, design and operation. Appropriate assessments were carried out for wind projects, and the resulting mitigation and compensation measures were integrated into project planning and implementation. The wind park sites are generally located outside Natura 2000 areas, EU

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	priority habitats, and micro-reserves. Nevertheless, potential impacts on nearby protected areas and species of conservation concern are carefully assessed during the EIA process. No significant adverse effects were identified. However, precautionary measures are implemented to minimise residual risks to biodiversity. These measures include operational restrictions to reduce bat mortality, the installation of bird protection systems, and consideration of seasonal and species-specific sensitivity during planning and operation. Monitoring programmes for birds and bats are established in cooperation with national environmental authorities and are conducted both before and after the start of operations. These programmes ensure early detection of any unforeseen effects on protected species and enable timely implementation of mitigation measures. Additional conservation actions are undertaken in specific cases, such as habitat enhancement or tracking of sensitive species to better understand their interaction with wind energy infrastructure. Latvenergo's HPPs operate in full compliance with national environmental legislation and meet the requirements of both Directive 2011/92/EU (EIA Directive) and Directive 2000/60/EC (Water Framework Directive). The conditions in the water use permits include operational regimes, reservoir management rules and hydrotechnical safety protocols designed to minimise ecological disruption and preserve the integrity of water bodies throughout each facility's operational lifetime. Fish migration structures are not currently installed at these facilities, but Latvenergo implements a comprehensive set of mitigation and compensation measures to support aquatic biodiversity. These measures include annual financial contributions for fish stock restoration in the Daugava River Basin, as defined in agreements with the Nature Protection Agency and the scientific institute BIOR. In addition to financial compensation, Latvenergo conducts practical restoration activities each year, such as the release of juvenile fish into rivers, the installation of artificial spawning nests in the Daugava and the improvement of habitats in smaller tributaries to enhance conditions for natural reproduction. Riverbed cleaning and habitat restoration projects further support ecosystem health and aquatic species survival. Part of its long-term biodiversity strategy includes collaborating with scientific institutions to explore technical and ecological solutions that could improve river accessibility for migratory fish species. These efforts are guided by the Daugava Basin Action Plan for migratory fish and are complemented by public engagement initiatives, such as the installation of underwater cameras to observe spawning behaviour and raise awareness of aquatic ecosystems. The company takes a systematic approach of integrating environmental safeguards into its operational planning, construction, and maintenance for its electricity distribution activity. Latvenergo confirmed that 100% of investment projects of Sadales tīkls with potentially significant environmental impacts have undergone either a formal EIA or screening procedure, or an internal environmental assessment conducted by the company's environmental experts. These cover all construction, maintenance and modernisation activities with full consideration of environmental protection requirements and potential ecological impacts. The company takes specific care on construction and maintenance works near sensitive habitats, scheduling them outside breeding and nesting seasons to avoid disturbance. The company's current electricity storage assets are BESS installations and it confirmed that no formal EIA or appropriate assessment is required, as the projects are not located within or in proximity to biodiversity-sensitive areas, including Natura 2000 sites, UNESCO World Heritage sites, key biodiversity areas or other protected areas. Nonetheless, the company stated that it conducts an internal environmental review for each project to assess potential impacts on local ecosystems, species and habitats.
Minimum Safeguard (MS)	Yes. We consider Latvenergo compliant with the minimum safeguards, based on the company's commitments. Latvenergo demonstrates alignment with the minimum safeguards through its adherence to internationally recognised standards, including the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization fundamental conventions. The company's policies explicitly reference these frameworks and are supported by practices that uphold human rights, fair labour conditions, and ethical supply chain management. Its 2024 annual report confirms the absence of human rights violations and outlines mechanisms for stakeholder engagement and grievance handling. Latvenergo's supplier relationships are governed by its code of ethics and the suppliers code of conduct, which oversees areas including human rights, environmental protection and ethical business conduct. The company stated that it strictly complies

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	with labour law, environmental law, and fair taxation principles and sets such requirements for its suppliers, further highlighting that it does not enter into agreements with suppliers that were found to be in breach of labour laws or in tax arrears. Latvenergo contributes to environmental and social objectives through investments in renewable energy, biodiversity protection and community development. These activities are underpinned by a structured governance model involving the management board, supervisory board and sustainability committee, ensuring strategic oversight and accountability. The company also maintains robust environmental risk management systems and demonstrates good governance through transparent reporting, ethical procurement and tax compliance. Latvenergo developed the procedure for the development and maintenance of tax risk management processes and specific tax risk management procedures that determine tax risks and controls, tax risk processes, responsibilities and document flow.
Full Alignment	

Use of Proceeds		**UoP 2: Clean transportation**
Contribution to EU Environmental Objectives (EOs)		**EO1**
Applicable Economic Activity		• 6.15 Infrastructure enabling low-carbon road transport and public transport
Substantial Contribution Criteria (SCC)		Yes. Overall, the activities included in the clean transportation UoP align with the SCC for EO1. Construction, modernisation, maintenance and operation of infrastructure for zero tailpipe emissions and infrastructure dedicated to transshipment, and infrastructure required for operating urban transport, substantially contribute to climate change mitigation without needing to meet additional thresholds. We therefore consider projects under the clean transportation UoP to be aligned with the SCC for EO1.
Do No Significant Harm (DNSH)	**EO1**	n.a.
	EO2	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria. The DNSH criteria require that material physical climate risks are identified and addressed through a climate risk and vulnerability assessment. Latvenergo conducted a climate risk and vulnerability assessment across its operating activities, including electric vehicle charging infrastructure, and identifies key physical climate risks, such as extreme temperatures, heavy rainfall, flooding and windstorms, using national and regional climate projections over the infrastructure's expected lifetime. The company's climate risk and vulnerability assessment uses climate projections based on meteorological station data available from the LEGMC, as well as the climate model scenario of shared socioeconomic pathways, which complies with the IPCC's Sixth Assessment Report published in 2023. This complies with the criterion regarding the use of the most recent IPCC report and consideration of state-of-the-art science for vulnerability and risk analysis. The company uses climate scenarios SSP1-2.6 (low climate change), SSP2-4.5 (moderate climate change), and SSP3-7.0 (significant climate change) per the LEGMC's methodology, which are based on IPCC AR6 and CMIP6 models. These scenarios correspond to earlier RCP pathways (eg, RCP2.6, RCP4.5 and RCP7.0) and provide a scientifically robust basis for assessing climate risks. This approach complies with the DNSH criteria. The EU taxonomy's FAQ state that lower-end scenarios such as RCP4.5 may be used if an activity has been subject to climate-related hazards in the past, and the precautionary principle of using RCP8.5 is exempted. The company confirmed that its activities under this UoP are subject to such impacts, and therefore, the use of SSP3-7.0 — a high-emissions scenario broadly aligned with the precautionary intent of RCP8.5 — is appropriate and sufficient for assessing upper-bound climate risks. The DNSH criteria also require that adaptation solutions are identified and implemented to reduce the most important physical climate risks. Latvenergo integrated adaptation measures for its electric vehicle charging infrastructure into both planning and operational phases. These include the strategic placement of charging stations outside flood-prone areas; the use of climate-

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	resilient materials and components; and the implementation of automatic control systems, safety protocols, and real-time monitoring. The criteria further require that adaptation solutions do not adversely affect the adaptation efforts or resilience of other people, nature, cultural heritage, assets or other economic activities, and that they are consistent with local, sectoral, regional or national adaptation strategies and plans. The company confirmed that all measures are aligned with national adaptation strategies and best practices, ensuring that the activity does not negatively impact the climate resilience of people, nature or other assets.
EO3	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria. The DNSH criteria for the activity of infrastructure enabling low-carbon road transport and public transport require the company to carry out an EIA to reduce negative impacts on biodiversity and water sources. An equivalent water management plan to prevent water stress or harm to water quality can act as a replacement for the EIA requirement. Latvenergo confirmed that environmental risks related to water quality were identified and addressed through appropriate planning and design measures. Additional criteria require that activities must not deteriorate marine waters or prevent achievement of good environmental status under Marine Strategy Framework Directive. The company confirmed that its projects reflect relevant considerations to ensure that the infrastructure does not compromise the achievement of good water status or ecological potential.
EO4	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria. The DNSH criteria require that at least 70% (by weight) of the non-hazardous construction and demolition waste generated on the construction site is prepared for reuse, recycling and other material recovery, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. Latvenergo confirmed it complies with this requirement across all project locations in Latvia, Lithuania and Estonia. The company indicated that its commitment is in line with relevant EU and national regulations, including the EU Waste Framework Directive, Latvia's Cabinet Regulation No. 184, Lithuania's Order No. D1-637, and Estonia's National Waste Management Plan 2023–2028. Latvenergo implemented a range of preventive and recovery-focused measures to minimise waste generation and promote the reuse, recycling and other forms of material recovery of construction and demolition waste across all project locations, including Latvia, Lithuania and Estonia. The company confirmed that these measures are in line with the waste hierarchy and best-available techniques. The company also confirmed that its current construction of electric vehicle charging infrastructure fully complies with the DNSH criteria for EO4, and the factsheet confirms compliance of all eligible green projects with the DNSH criteria.
EO5	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria. The DNSH criteria require that measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works, and that, where relevant, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers or other measures, and comply with Directive 2002/49/EC which relates to an assessment and management of environmental noise. Latvenergo confirmed that it carries out construction and maintenance works using low-emission machinery and controlled material handling to limit noise, dust and pollutant emissions. It also manages potential noise and vibration impacts during construction, where applicable, through planning, site layout and work scheduling. The company also confirmed that conducted works use best-available techniques and established environmental standards to ensure minimal impact on air quality, soil and the surrounding environment throughout the project life cycle.
EO6	Yes. Overall, we consider the activities under this UoP to be aligned with the DNSH criteria.

EU Taxonomy Assessment

EU Environmental Objectives: climate change mitigation (EO1); climate change adaptation (EO2); sustainable use and protection of water and marine resources (EO3); transition to a circular economy, waste prevention and recycling (EO4); pollution prevention and control (EO5); protection of healthy ecosystems (EO6)

	The DNSH criteria for protection and restoration of biodiversity and ecosystems require that, where relevant, maintenance of vegetation along road transport infrastructure ensures that invasive species do not spread, and that mitigation measures were implemented to avoid wildlife collisions. Latvenergo confirmed that all investment projects with potentially significant environmental impacts have undergone either a formal EIA or screening procedure, where required. In other instances, an internal environmental assessment has been conducted by the company's environmental experts. The company implemented measures to avoid harm to local habitats and species during construction and operation. The company also confirmed that it carries out vegetation maintenance to prevent the spread of invasive species and support ecological balance.
Minimum Safeguard (MS)	Yes. We consider Latvenergo compliant with the minimum safeguards, based on the company's commitments. Latvenergo demonstrates alignment with the minimum safeguards through its adherence to internationally recognised standards, including the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization fundamental conventions. The company's policies explicitly reference these frameworks and are supported by practices that uphold human rights, fair labour conditions and ethical supply chain management. Its 2024 annual report confirms the absence of human rights violations and outlines mechanisms for stakeholder engagement and grievance handling. Latvenergo's supplier relationships are governed by its code of ethics and the suppliers code of conduct, which oversee areas including human rights, environmental protection and ethical business conduct. The company stated that it strictly complies with labour law, environmental law, and fair taxation principles and sets such requirements for its suppliers, further highlighting that it does not enter into agreements with suppliers that were found to be in breach of labour laws or in tax arrears. Latvenergo contributes to environmental and social objectives through investments in renewable energy, biodiversity protection and community development. These activities are underpinned by a structured governance model involving the management board, supervisory board and sustainability committee, ensuring strategic oversight and accountability. The company also maintains robust environmental risk management systems and demonstrates good governance through transparent reporting, ethical procurement and tax compliance. Latvenergo developed the procedure for the development and maintenance of tax risk management processes and specific tax risk management procedures that determine tax risks and controls, tax risk processes, responsibilities and document flow.
Full Alignment	

Source: Sustainable Fitch, Latvenergo EuGB factsheet, Latvenergo annual report 2024, other company material

Appendix A: Other Services Sustainable Fitch has Provided to the Assessed Entity

European Green Bond Assessment

With this report, Sustainable Fitch is providing a European Green Bond Assessment to the assessed entity, as identified on page 1.

We have also provided the following services or products to the same entity:

- We have not provided any other service or product to the same entity.

SOLICITATION STATUS

The European Green Bond Assessment was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.