

# **BKW**

## **Green Bond Framework**



February 2026

## Introduction

The BKW Group (BKW) is a Bern-based energy and infrastructure company. For more than 125 years, BKW has offered pioneering solutions. Starting as Elektrizitätswerk Hagneck in 1898, BKW has become an international group of companies, employing over 12,000 people, with solutions in the areas of energy, buildings, and infrastructure.

BKW's three business segments – Energy Solutions, Power Grid and Infrastructure & Buildings – cover the entire energy transition value chain, from power production and trading to its distribution and consumption.

- With its business segment Energy Solution, BKW produces 9-10 TWh of electricity per year (5 TWh in Switzerland) with a portfolio of around 100 power plants and 120 small-scale installations across five European countries. Production includes hydro, wind and solar among others. Additionally, BKW is a leading player in the European trading and customer solutions business.
- BKW's Power Grid business segment is Switzerland's largest distribution grid operator. It has a grid length of 22,000 km and supplies more than one million people and businesses.
- BKW is a leader in solutions for planning, building and maintaining infrastructure and buildings with over 260 locations in the DACH region through its business segment Infrastructure & Buildings.

## Growth, excellence and sustainability

BKW unveiled its new corporate strategy called «*Solutions 2030*» in late 2024 to address the needs of the new energy world with the goal to implement solutions that are effective and create value now and in the future. «*Solutions 2030*» consists of the three core elements Growth, Excellence and Sustainability, aiming to position BKW for long-term, sustainable success.

- In the core element *Growth*, BKW targets strong expansion in Energy Solutions to deliver sustainable, flexible offerings, stable development in Power Grid to support the energy transition, and selective growth in Infrastructure & Buildings with a focus on planning, renewable energy, and building technology.
- The *Excellence* element emphasizes profitability over pure growth, a strong customer orientation with long-term partnerships and quality, and robust portfolio and risk management to ensure strategic alignment and efficient resource use.

In the core element *Sustainability*, BKW has a clear framework in place (see figure 1 and further details available on BKW's website <sup>1</sup>): As part of the double materiality analysis, BKW analyzed its sustainability-related impacts, risks, and opportunities along the entire value chain and

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<sup>1</sup> <https://www.bkw.ch/en/about-us/strategy-and-values/corporate-responsibility> (accessed February 2026)

updated its sustainability framework on this basis. This framework consists of five strategic fronts and takes into account BKW's key sustainability matters (see below). BKW has defined strategic targets for all five fronts, which will be pursued during implementation of the new corporate strategy.

- Climate: BKW is aiming for net-zero emissions in Scope 1 and 2 as a Group by 2040 and plans therefore to halve its greenhouse gas intensity by 2030, compared to 2022. To this end, BKW is assessing an accelerated coal phase out and has set the target to fully electrify its fleet of over 3,500 vehicles by 2030. In Scope 3, BKW is aiming for net zero emissions by 2050.
- Energy: BKW is planning investments in renewable and efficient energy infrastructures. It aims to increase the installed capacity from renewable energies from 2.7 GW in 2024 to 3.4 GW by 2030 and its battery storage capacity to 500 MW by 2030.
- Nature: BKW aims to strengthen its commitment to natural ecosystems and biodiversity, including an increasingly near-natural management of its land.
- People: BKW is creating healthy and forward-thinking work environments. The health and safety of all employees is an important priority. BKW therefore invests in occupational safety, attractive development opportunities, appreciative leadership, equal opportunity and flexibility.
- Governance: A clear governance structure to ensure compliance with all regulatory requirements and internal guidelines, and a professional risk and data management forms the foundation for achieving the sustainability-related goals. Furthermore, BKW intends to work more closely with its suppliers to enhance transparency and sustainable solutions.

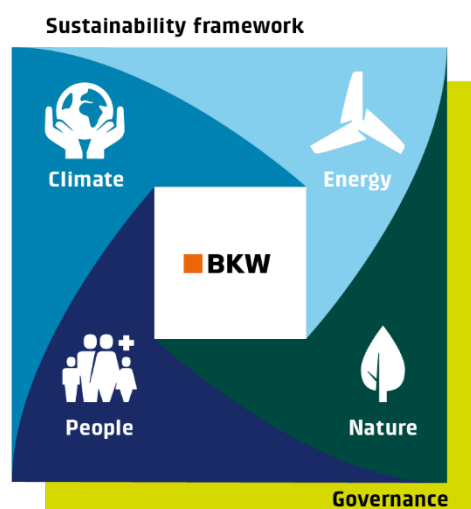


Figure 1: Sustainability Framework

## **Rationale of the Green Bonds and Green Bond Principles**



In its history, BKW has been a pioneer of renewable energy, from the construction of hydro power plants at the end of the 19th century to the establishment of the first Swiss solar power plant Mont-Soleil, which was the largest in Europe at the time. BKW aims to continue along this path and provide answers to the need for renewable energy and climate-friendly energy solutions through its operations.





This Green Bond Framework aims to provide transparency to BKW's investors and give insights into their considerations for the projects financed by the Green Bonds issued. This framework is in alignment with the Green Bond Principles (GBPs) 2021 issued by the International Capital Market Association (ICMA). BKW strives to contribute to high-level environmental objectives, including climate change mitigation and climate change adaptation through four key Green Bond Categories from the GBPs, highlighted below.



## Green Bond Framework

### 1. Use of Proceeds:

An amount equal to the net proceeds from the issuance of the Green Bonds will be used to finance and/or refinance, in part or in full, **Eligible Green Projects**, as defined below.

Green Bond Category	Description of Eligible Green Projects	UN SDGs
<b>Renewable Energy</b>	<p>Projects aimed at increasing the production, connection and distribution of renewable energies and related infrastructure.</p> <p>Renewable energies may include:</p> <ul style="list-style-type: none"> <li>▪ Wind projects;</li> <li>▪ Small hydro power plants less than 20 MW of generation capacity;</li> <li>▪ Medium to large hydro power plants subject to the conformity with recognised international standard, including Climate Bonds Initiative, UNFCCC Clean Development Mechanism, IFC Reference Standards for hydro projects or equivalent;</li> <li>▪ Solar photovoltaic;</li> <li>▪ Biomass plants.</li> <li>▪ Transmission and distribution infrastructure that enables the integration and delivery of renewable energy, provided that one of the following conditions is met:               <ul style="list-style-type: none"> <li>○ the electricity system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems; or</li> <li>○ more than 67 % of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO<sub>2</sub>e/kWh, measured on a life-cycle basis in accordance with the electricity generation criteria, over a rolling five-year period; or</li> <li>○ 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</li> </ul> </li> </ul>	 

Green Bond Category	Description of Eligible Green Projects	UN SDGs
	<p>in that system, is below 100 gCO<sub>2</sub>e/kWh, measured on a life-cycle basis, over a rolling five-year period.</p>	
<p><b>Energy Efficiency</b></p>	<ul style="list-style-type: none"> <li>▪ Investments in smart grid/meters for energy demand management;</li> <li>▪ Grid infrastructure improvements that allow higher transmission efficiency and reduce energy loss;</li> <li>▪ Storage systems development.</li> </ul>	 
<p><b>Green Buildings</b></p>	<p>New, existing or refurbished buildings which meet at least one of the following criteria:</p> <p>For new builds:</p> <ul style="list-style-type: none"> <li>▪ Minergie®-P/-A/-ECO- Standard; or</li> <li>▪ SNBS/DGNB – Standard Gold/Platinum; or</li> <li>▪ Compatibility with “SIA-Effizienzpfad Energie”</li> </ul> <p>For renovation/refurbishments:</p> <ul style="list-style-type: none"> <li>▪ Minergie®-P/-A/-ECO- Standard refurbishments; or</li> <li>▪ SNBS/DGNB – Standard Gold/Platinum; or</li> <li>▪ Reduction of 25% compared to SIA requirements for refurbishments (QH,li/SIA 308/1); or</li> <li>▪ Energy or environmental-friendly improvements such as thermal insulation, climate-friendly heat generation (thermic solar systems, heat pumps, regenerative energy sources, heat recovery...), PV installations, LED lighting, water-saving technologies, green roof garden, etc...; or</li> <li>▪ Ecological measures such as resource-saving development through the reuse of existing infrastructure, use of resource-saving construction methods or use of recycled material (concrete, wood, insulation materials).</li> </ul>	 

Green Bond Category	Description of Eligible Green Projects	UN SDGs
<b>Terrestrial biodiversity conservation</b>	Land preservation and grid improvement through (i) the replacement of overhead power lines with efficient underground cable or (ii) installation of underground cables instead of overhead power lines.	 

Eligible Green Projects may include capital expenditures, operating expenditures related to improvement and maintenance of Eligible Green Projects, research and development, as well as acquisitions of companies specialized in any of the above Green Bond Categories<sup>2</sup>.

Projects for the Green Bond Portfolio are selected based on the Environmental, Social and Governance (ESG) criteria provided in Appendix 1: "ESG Criteria applied to Renewable Energy Projects".

Projects related to any of the following aspects will be excluded:

1. Nuclear power
2. Fossil fuel
3. Production facilities within protected areas, e.g. to Ramsar or International Union for Conservation of Nature I-IV<sup>3</sup>.

A list of Eligible Green Projects identified for BKW's Green Bond issuances is detailed in "Appendix 2: List of projects for BKW's Green Bond Portfolio".

## 2. Process for Project Evaluation and Selection

BKW has further strengthened the integration of sustainability into their business model by setting up a dedicated cross-departmental Green Bond Committee (GBC) to identify and select Eligible Green Projects. The GBC is comprised of members from the following teams:

- Treasury
- Sustainability
- Investor relations
- Business development
- Other functional teams (as needed)

<sup>2</sup> At least 90% of the revenue of the company acquired derives from activities falling in any of the above Green Bond Category

<sup>3</sup> IUCN: <https://www.iucn.org/theme/protected-areas/about/protected-area-categories>

The GBC's role is to:

1. Review, select and validate the pool of Eligible Green Projects, based on the Green Bond Framework;
2. Validate annual reporting for investors;
3. Monitor the on-going evolution related to the Sustainable Capital Markets (i.e. GBPs) in terms of disclosure/reporting in order to be in-line with market best practices;
4. Monitor and assess potential social and environmental risks of/for the pool of Eligible Green Projects<sup>4</sup>; and
5. Review the Framework to reflect any changes with regards to the Company's sustainability strategies and initiatives and to be in-line with market best practices.

### **3. Management of Proceeds**

An amount equal to the net proceeds of the Green Bonds will be credited to the general account owned by a BKW Group company<sup>5</sup>.

If the net proceeds from BKW's Green Bonds are used to finance new projects selected by the GBC, the funds will be transferred to the corporate entities in charge of the project in the form of intercompany loans or equity capital, with the purpose to finance the disbursements in connection with the Eligible Green Projects. The above-mentioned process will be monitored until full allocation of the net proceeds. BKW intends to fully allocate the proceeds within 24 months after the Green Bond issuance date.

If the net proceeds from BKW's Green Bonds are used to refinance existing projects, an amount equal to the net proceeds will be allocated to the Eligible Green Projects as selected by the GBC in accordance with BKW's Green Bond Framework. Net proceeds can refinance Eligible Green Projects with a commissioning date up to 36 months before the issuance of a Green Bond. Depending on the lifetime of Eligible Green Projects, the lookback period could be longer. This will be reviewed on a case-by-case basis and deviations from the lookback period of 36 months will be transparently disclosed in the annual Green Bond report. The lookback period does not apply to projects within the category "Renewable Energy". The projects in this category have a very long operating life and enable long-term sustainable electricity production. The

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<sup>4</sup> BKW has established a structured ESG risk management process within its Green Bond governance. Eligible assets must meet the ESG criteria defined in Appendix 1 of the Framework and are reviewed and approved by the Green Bond Committee (GBC), which includes representatives from Treasury and Sustainability among others. Potential ESG risks are discussed both within the GBC and BKW's broader risk management framework, and project managers of the assets are involved early to ensure awareness and transparency. If material ESG risks arise or an asset no longer meets the eligibility criteria, the GBC will reassess the asset and, where necessary, substitute it on a best-efforts basis in line with the Management of Proceeds provisions.

<sup>5</sup> BKW AG or BKW Energie AG

financing and refinancing of these plants is not completed within 36 months. By excluding this category from the look-back period, the long-term operating cycles of the plants are taken into account without restricting the sustainability of electricity production.

All relevant information regarding the issuance of Green Bonds and Eligible Green Projects (re)financed will be monitored and kept in BKW's ERP/Treasury system.

BKW will use its best effort to substitute any projects no longer eligible, as soon as practical once an appropriate substitution option has been identified. Under the scenario where there is a change of ownership or a change in the capital structure, such as BKW's ownership falling to a proportion that leads to an under commitment of Eligible Green Projects, BKW will find additional projects to make up for the shortfall.

The payment of principal and interest on any bond issued by BKW under the Framework will be made from its general funds and will not be linked to the performance of any Eligible Green Project.

#### ***Unallocated Proceeds***

Pending the allocation or reallocation, as the case may be, of the net proceeds, BKW will invest the balance of the net proceeds, at its own discretion, in cash and/or cash equivalents (money market instruments, bank accounts) and/or other liquid marketable instruments, as per the company's investment management policy.

#### ***Maximum Allocation Amount***

The BKW Group consists of various operating companies that may have their own debt. Therefore, for every Eligible Green Project, the following condition must be fulfilled for the allocation of Green Bond proceeds:

Maximum allocated proceeds for Eligible Green Projects = (Total eligible expenditure<sup>6</sup> – External debt<sup>7</sup>) \* BKW's share of the project.

Hence only the pro-rata share of the total results, (i.e. a percentage of the issuing operating company's share of the total financing of the project), would be (re)financed by the Green Bond as a maximum. Impact metrics in the Green Bond impact report will also be reported pro-rata of BKW's share in the Eligible Green Projects.

## **4. Reporting**

BKW will report on the allocation of net proceeds and associated impact metrics annually until the maturity of the respective Green Bond, and as necessary in

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<sup>6</sup> Capital expenditure or operational expenditure

<sup>7</sup> External debt which is specifically financing the Eligible Green Project

the event of material development. This report will be published in March every year as part of BKW Group's annual report.

### **Allocation Reporting**

- The list of Eligible Green Projects (re)financed with a description;
- The aggregated amount of allocation of the net proceeds to the Eligible Green Projects;
- The proportion of net proceeds used for financing versus refinancing; and,
- The balance of any unallocated proceeds invested in cash and/or cash equivalents.

### **Example Impact Reporting**

Where feasible, BKW will report on a number of impact metrics associated with the Eligible Green Projects funded with the net proceeds of the Green Bonds.

<b>Green Bond Category</b>	<b>Impact Measurement Metrics Examples (not exhaustive)</b>
Renewable energy	<ul style="list-style-type: none"> <li>▪ Installed power capacity (MW)</li> <li>▪ Generated annual electricity quantity (MWh)</li> <li>▪ CO<sub>2</sub> avoided (tonnes of CO<sub>2</sub> equivalent per year)</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>▪ Expected energy savings from grid infrastructure improvements, such as energy demand management</li> <li>▪ CO<sub>2</sub> avoided (tonnes of CO<sub>2</sub> equivalent per year)</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>▪ Annual reduction of energy consumption in % and in kWh/m<sup>2</sup></li> <li>▪ Annual average energy consumption in kWh/m<sup>2</sup></li> <li>▪ Minergie®/SNBS/DGNB certification level</li> <li>▪ Annual reduction of CO<sub>2</sub> emissions (kg CO<sub>2</sub> equivalent per m<sup>2</sup> per year)</li> <li>▪ Annual CO<sub>2</sub> emissions (kg/m<sup>2</sup>)</li> </ul>
Terrestrial biodiversity conservation	<ul style="list-style-type: none"> <li>▪ Restitution of area occupied by overhead lines in m<sup>2</sup></li> <li>▪ Construction of underground cables (km)</li> </ul>

## **5. External Review**

### ***Second Party Opinion***

The Second Party Opinion (SPO) provider, ISS Corporate, has reviewed BKW's Green Bond Framework and verified its alignment with ICMA's Green Bond Principles and market practices. The SPO will be made available on BKW's website.

### ***Annual Audit/Limited Assurance***

The allocation of Green Bond proceeds and impact measurement metrics will be reviewed by an auditor. A confirmation letter (called "Limited Assurance") will be made available on BKW's website.

## **Disclaimer**

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**Appendix 1: ESG Criteria applied to Renewable Energy Projects**

<b>Environmental Criteria</b>	<b>Description</b>
Environmental Impact study	Necessary environmental impact study(s) is(are) available
Site evaluation for power plant projects for ecologically valuable areas	Site evaluation is conducted and led to the exclusion of power plant projects in protected areas (e.g. nature reserve, landscape protected areas, IUCN categories I – IV, etc.).  (Remark: IUCN categories V and VI allow a certain amount of (sustainable) use. Possible projects in these areas would be evaluated in each specific case to make sure a sustainable use is feasible)
Implementation of additional ecological measures to limit negative influences	Proactive and innovative measures to protect fauna, flora or biodiversity (e.g. the installation of tools to protect bats or fish)
Prevention plans to avoid, for example, accidental pollution	Plans for pollution prevention are available for every project for all life cycle phases (construction - operation - dismantling)
Contribution against climate change or adaptation to climate change	Renewable energy contribution; energy efficiency increase and absolute energy savings; reduction of resource consumption e.g. on circular economy or recycled building materials
Positive ad on: Studies to improve understanding of ecological footprint	Implementation of a life cycle analysis (LCA) for projects and/or scientific support for the project (support for research)

<b>Social Criteria</b>	<b>Description</b>
Involvement of stakeholders such as the local population	Structured stakeholder analysis; identification of stakeholders and inclusion in project. Application of the action to all life cycle phases (construction - operation - retrofitting) (if relevant to company)
Measures to strengthen sustainable local/regional value creation	Supply of participation models for municipalities; procurement of materials/services from local/regional suppliers
Working conditions comply with at least international standards (or higher national requirements)	High requirements with regard to labour standards, at least International Labour Organisation (ILO) or national /regional legislation standards. High occupational safety/health standards in the construction and operation of the facilities (for example, a commitment to ILO, OHSAS (Occupational Health- and Safety Assessment Series) or similar) and assurance through audits

<b>Governance Criteria</b>	<b>Description</b>
Environmental and social specifications appropriately addressed in contracts with suppliers and service providers	Fulfilment of environmental and social criteria is stipulated in BKW's supply contracts or service contracts (and checked where relevant on a case by case basis)
Long-term investment/value creation strategy	Preventive maintenance concept for power plants; TCO (total cost of ownership) considerations in decisions; enabling additional value added outside the project (which would not have been realized without a project)
Application of business ethics	Risk analysis considers PESTEL perspectives (political, environmental, social, technological, economic, legal); avoidance/prevention of corruption or fraud; exclusion of discrimination of any kind and fair dealings with business partners

## Appendix 2: List of projects for BKW's Green Bond Portfolio

Type	Project	Country	Status	Commissioning Year
Small Hydro	Ragn d'Err	Switzerland	Operation	2016
Small Hydro	Schattenhalb	Switzerland	Operation	2017
Small Hydro	Spiggebach	Switzerland	Operation	2017
Small Hydro	Sousbach	Switzerland	Construction	2025
Small Hydro	Augand	Switzerland	Operation	2023
Wind	Saint Germier	France	Operation	2017
Wind	St. Joulien du Terroux	France	Operation	2017
Wind	RAZ Energie 3	France	Operation	2017
Wind	Coquelicot	France	Operation	2018
Wind	Julie	France	Operation	2018
Wind	Camomille	France	Operation	2018
Wind	PEN LII	France	Operation	2019
Wind	PEN LIII	France	Operation	2019
Wind	Les Oeillets	France	Operation	2021
Wind	Roan	Norway	Operation	2018
Wind	Marker	Norway	Operation	2019
Wind	Hitra II	Norway	Operation	2019
Wind	Harbaks-/ Kvenndalsfjellet	Norway	Operation	2020
Wind	Geitfjellet	Norway	Operation	2020
Wind	Tjärnäs	Sweden	Operation	2024
Wind	Skallberget/ Utterberget	Sweden	Operation	2024
Wind	Rosenskög	Sweden	Operation	2024
Wind	Cerignola Nord	Italy	Construction	2025
Wind	Cerignola Sud	Italy	Construction	2025
Solar PV	Genzano	Italy	Development	2026
Distribution grid	BKW's whole distribution grid	Switzerland	Operation	n/a (ongoing investment)