JSC "AUGSTSPRIEGUMA TĪKLS"

EU Green Bond — Factsheet

Publication date: 24 September 2026 | Issuer: AS "Augstsprieguma tīkls" | LEI: 64883LC3F12690GATG87 | Investor information: https://ast.lv/en/content/bonds
Bond name: AS "Augstsprieguma tīkls" European Green Bonds (EuGB) | ISIN: Not available at the date of this Factsheet. The ISIN of each European Green Bond will be specified in the applicable Final Terms | Planned issuance or period : European Green Bonds issued as from 24 September 2026 until the next update of this Factsheet.
External reviewer: S&P Global Ratings Europe; Part 4th Floor, Styne House, Upper Hatch Street, Dublin 2, Ireland; https://www.spglobal.com/ratings/en/index
Competent authority approving prospectus: Bank of Latvia

IMPORTANT INFORMATION

This bond uses the designation 'European Green Bond' or 'EuGB' in accordance with Regulation (EU) 2023/2631.

ENVIRONMENTAL STRATEGY & TAXONOMY ALIGNMENT

Core business of the joint stock company "Augstsprieguma tīkls" (hereinafter – AST) is the management, maintenance, modernisation, and development of the **electricity transmission system in Latvia and its integration with European transmission systems**. As a transmission system operator, AST has environmental impact at two levels.

At country level, AST enables stable and secure electricity supply to businesses, public organisations, and households across Latvia. Although renewable energy generation is outside AST's own operations, the availability and integration of renewable energy partly depend on AST's decision-making and operational performance, including how quickly and efficiently new locally generated renewable resources are connected to the grid. In 2025, 72.78% of locally generated electricity transmitted across the grid was from renewable resources.

At the company level, AST's infrastructure development and maintenance activities may have direct environmental impacts, which are monitored and mitigated through internal procedures, permitting processes, and environmental management systems.

In addition, electricity transmission system (including overhead lines, structures, and other elements) are subject to climate risks which the company analyses and adjusts its operations accordingly.

In 2025, AST developed **internal EU Taxonomy assessment guidelines** covering the relevant economic activities of AST and its subsidiary Conexus Baltic Grid and assessed their Taxonomy-alignment. Conexus Baltic Grid is not included under this EU Green Bond instrument. The approach set forth in the guidelines is used to assess Taxonomy-eligibility and alignment of the potential projects financed by this EU Green Bond. The assessment is briefly explained in **Annex I**.

Energy systems are a fundamental component of the climate transition of the economy. Therefore, among the six environmental objectives under the EU Taxonomy Regulation[1], **climate change mitigation is the primary focus for AST**. AST's operations are eligible under the Climate Delegated Act of the EU Taxonomy Regulation[2], activity **4.9. Transmission and distribution of electricity**.

AST's electricity transmission infrastructure forms part of the interconnected European electricity transmission system and includes 110 kV and 330 kV transmission lines and related infrastructure, including interconnections with the Estonian and Lithuanian transmission systems, which are further connected with the transmission systems of other European countries. Accordingly, **alignment with the relevant technical screening criteria is assessed at the system level**. New electricity transmission infrastructure projects, including new or expanded interconnections, transmission transformers, and equipment or infrastructure supporting renewable electricity integration and system controllability, are therefore considered Taxonomy-aligned where the relevant criteria are met. This is relevant primarily for **Project A**, **Project B**, and **Project C** listed in the section on intended allocation of the bond proceeds.

Activity 4.9 is an enabling activity under the EU Taxonomy. Therefore, upgrades, modernisation, and development of AST's transmission system, including **Project A**, **Project B**, and **Project C**, support the integration of renewable resources, improve integration with transmission systems in other EU countries, and contribute to Latvia's broader climate transition. In this way, AST's infrastructure investments not only maintain the technical performance and Taxonomy alignment of the transmission system but also support decarbonisation of the economy outside AST's direct operational boundaries.

Where individual investments fall under other EU Taxonomy activities, AST assesses the relevant criteria separately. This applies to **Project D**, the renovation of AST's operational headquarters and dispatch centre infrastructure at Dārzciema Street 86, Riga, which is included in the framework.

The EU Taxonomy considers **renovation of existing buildings (7.2.)** aligned where the renovation either meets applicable national requirements for major renovation or achieves at least a 30% reduction in primary energy demand[3]. In Latvia, major renovation completed before 2030 is linked to nearly zero-energy building status, which is connected to class A thresholds for heating energy demand and non-renewable primary energy demand, together with other technical requirements.

According to the preliminary energy audit, the Dārzciema Street building is expected to reach class A energy performance after completion. The renovation is expected to be finalised by 2028. On this basis, the renovation is considered aligned with the national requirements for major renovation, subject to confirmation in final energy performance documentation.

[1] Regulation (EU) 2020/852
[2] Commission Delegated Regulation (EU) 2021/2139

[3] Cabinet Regulation No. 222 of 8 April 2021, *Regulations Regarding the Method for Calculating the Energy Performance of Buildings and the Rules for Energy Certification of Buildings*, Annex 3, available at: https://likumi.lv/ta/id/322436-eku-energoefektivitates-aprekina-metodes-un-eku-energosertifikacijas-noteikumi.

The project also includes installation of solar panels (which also relates to **7.6. Installation, maintenance and repair of renewable energy technologies**), electric vehicle charging infrastructure (which also relates to **7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings**), and rainwater/wastewater management solutions, which support the sustainability profile of the overall project.

Do No Significant Harm (DNSH) criteria assessment

AST has also assessed the relevant DNSH criteria for the eligible use of proceeds under the EU Green Bond framework. For electricity transmission system investments, the assessment covers climate change adaptation, circular economy, pollution prevention and control (including electromagnetic field exposure and PCB phase-out), and biodiversity protection.

In 2025, AST conducted a climate risk assessment of its operations, covering 42 potential climate-related risks at operational and location level. In 2026, AST reviewed its climate adaptation measures to ensure that the most significant risks are appropriately managed. AST also applies environmental, waste management, pollution prevention, occupational safety, electromagnetic field control, PCB phase-out, and biodiversity protection measures through its internal management systems, procedures, permits, and project-level controls.

Minimum social safeguards assessment

The assessment covers business conduct, anti-corruption, conflict of interest management, whistleblowing, fair remuneration, non-discrimination, occupational health and safety, supplier conduct, and contractor requirements.

AST implements these safeguards through internal policies, procedures, supplier declarations, contractual requirements, and occupational health and safety instructions. These measures apply to AST's own operations and, where relevant, to suppliers and contractors working at AST facilities.

Further supporting detail on the Taxonomy assessment (significant contribution criteria, Do No Significant Harm and minimum social safeguard criteria), the environmental impact logic, and enabling role of transmission infrastructure is provided in **Annex I**.

AST does not currently plan to obtain separate external review for the annual allocation reports or impact report. However, AST's environmental indicators are covered in its annual sustainability statement prepared in line with the European Sustainability Reporting Standards, for which external assurance is obtained. This provides an additional assurance layer over AST's environmental data and sustainability-related disclosures.

LINK WITH THE ASSETS, TURNOVER, CAPEX, AND OPEX KEY PERFORMANCE INDICATORS

Based on the information included in the Annual Report for 2025, the AST's turnover, CapEx, and OpEx indicators are aligned with the EU Taxonomy, and the bond proceeds are expected to contribute to financing and/or refinancing capital expenditures related to electricity transmission infrastructure and, where applicable, energy-efficient buildings and supporting infrastructure. The information about the KPI alignment is included in all annual reports since 2024.

LINK TO TRANSITION PLANS

AST's investment planning is based on four hierarchical planning documents which support the climate transition of both the Latvian economy and AST's own operations:

1. **Country-level commitments**, including Latvia's National Energy and Climate Plan[4], which sets the national policy framework for energy transition, renewable energy development, energy security, and climate objectives.
2. **10-year Power Transmission System Development Plan[5]** (2026–2035 plan in force at the time of preparation of this factsheet). The plan defines investments required for transmission system development, including interconnection capacity, system reliability, renewable energy integration, digitalisation, critical infrastructure protection, and renewal of existing assets.
3. **AST Group's Medium-term Operational Strategy 2026–2030**, which defines AST's role in ensuring secure, high-quality, and sustainable electricity transmission, while supporting Latvia's energy independence, integration into the European energy system, renewable energy integration, and transition towards climate neutrality.
4. **AST's company-level emission reduction plan**, adopted by the Management Board on 10 June 2026, which sets out AST's decarbonisation pathway, related priorities, and measures for aligning the company's activities with climate mitigation commitments. The emission reduction plan targets an average annual reduction of 3% in combined Scope 1 and Scope 2 emissions over the period 2020 to 2030, equivalent to a cumulative reduction of approximately 30% by 2030. The reduction pathway is supported by four main levers: (i) fleet electrification through the procurement of electric vehicles; (ii) the expected decrease in the residual mix emission factor applied to electricity losses, which represent AST's most significant Scope 2 position, as the overall electricity mix decarbonises – thus, the company itself is increasingly interested to contribute to renewables inflow in the grid; (iii) the installation of rooftop solar PV capacity or other renewable energy installations at AST's operational sites; and (iv) the retirement of remaining emissions through guarantees of origin.

Bond proceeds will support implementation of the above mentioned plans by financing and/or refinancing Taxonomy-aligned climate change mitigation investments at economic activity and project level.

[4] See here.

[5] See here.

INTENDED ALLOCATION OF BOND PROCEEDS[6]

Allocation of proceeds will be managed using gradual approach, i.e. financing specific projects attributable to the project categories outlined below. Full allocation of proceeds is expected to occur in five years' time since the issuance of the bond.

	Project	Taxonomy Activity	EUR M	%
A	Ventspils–Brocēni–Varduva 330 kV line (by 2030)	4.9 Transmission & distribution	31.40	27%
B	Infrastructure modernisation & upgrade — substations, transformer stations, lines (2024-2025)	4.9 Transmission & distribution	28.72	25%
C	Critical infrastructure upgrade (energy supply security)	4.9 Transmission & distribution	35.88	31%
D	Dispatch centre & HQ renovation, Dārzciema St. 86 (incl. solar PV, EV charging)	7.2 + 7.4 + 7.6 Buildings & renewables	20.46	18%
	TOTAL		**116.46**	**100%**
	of which financing (in the year of issuance or thereafter)		88.02	75.6%
	of which refinancing		28.44	24.4%

ENVIRONMENTAL IMPACT OF BOND PROCEEDS

The expected environmental impact of the eligible investments, namely **Projects A to D,** is linked to four main channels:

1. **Enablement of connection of new renewable energy capacities to the network, primarily through Project A and supported by Project B** (actual connection is not under control of AST as it may depend on the technical, legal and economic capacity of commercial project developers; however, AST may develop infrastructure that is capable of accepting more new capacities to be connected);
2. **Energy efficiency gains from infrastructure upgrade, primarily through Project B** (mainly connected to investment in substations and transformer stations, replacing them with more efficient equipment);
3. **Energy efficiency gains from upgrade of the operational headquarters through Project D** (energy consumption in buildings);
4. **GHG emission reduction through self-generated renewable energy, through the rooftop solar PV component of Project D** (solar plants).

As a result of these activities, the company's GHG emissions and the overall energy system GHG emissions should be reduced, thus contributing to climate change mitigation objective.

	Impact type and indicator	Indicative expected result
A	Enablement of new renewable energy capacity connections Indicator: • additional grid connection capacity, GW	The new transmission line is expected to enable connection of approximately **0.5 GW** of additional renewable energy capacity. The actual connection of this capacity is not fully under AST's control and depends on the technical, legal, and economic readiness of project developers.
B	Energy efficiency gains from infrastructure upgrades Indicators: • MWh and % reduction • tCO_2e reduction, Scope 2 emissions	Upgrades of substations, transformer stations, and related infrastructure completed in 2024 and 2025 and included under this Green Bond instrument are projected to deliver **0.32 GWh** in annual energy savings, or **16.2 GWh** over the full lifecycle, based on reports submitted to the State Energy and Environment Agency. This is equivalent to an estimated Scope 2 GHG reduction of approximately **163 tCO_2e/year**, or **8,165 tCO_2e** over the lifecycle. Environmental impact of forward-looking investment in transformer stations and substations depends on the selected stations, and AST calculates specific energy efficiency gains in each individual case. Where new transformer capacity is installed to accommodate new grid connections rather than to replace existing equipment, no direct energy efficiency gain is attributed at the individual asset level; however, such installations contribute to the decarbonisation of the broader energy system by enabling the connection of renewable energy generation capacity to the network. Where existing transformers are replaced with more efficient equipment, estimates suggest average energy savings in the range of approximately **5 to 14 MWh** per year per MVA[7] of new installed capacity, corresponding to an estimated Scope 2 GHG reduction of approximately **3 to 7 tCO_2e** per year per MVA.

[6] The allocations shown are indicative and may be adjusted by AST during the bond issuance process. However, the underlying projects included in the allocation are fixed.

[7] MVA (megavolt-ampere) is the standard unit of apparent power used to rate transformer capacity, reflecting the combined real and reactive power the equipment is designed to carry. The estimated savings range per MVA is derived from AST's broader pipeline of transformer replacement projects across the 2024–2026 development plan period.

	Impact type and indicator	Indicative expected result
C		Critical infrastructure upgrades are expected to improve resilience, reduce network failure risks, strengthen cybersecurity and service continuity, and support reliable electricity supply. The project is not expected to create additional measurable environmental impacts beyond AST's standard environmental controls.
D	Energy efficiency gains from operational headquarters renovation Indicators: • MWh and % reduction • Energy intensity reduction GHG emission reduction through self-generated renewable energy Indicator: • tCO_2e reduction	The renovation of AST's operational headquarters and dispatch centre at Dārzciema Street 86, is expected to reduce total energy consumption from 2,283 MWh in 2017 (confirmed EPC) to 1,652 MWh according to the preliminary EPC for the construction project. This represents a reduction of **631 MWh**, or **27.6%,** despite a 13% increase in floor area, from 13,262 m² to 15,044 m². Total energy intensity is expected to decrease by 28%, from 173.5 to 124.9 kWh/m²/year. Heating intensity is expected to decrease by 56%, from 136.8 to 60.2 kWh/m²/year. Project also includes installation of **424 kWp** rooftop solar PV across four buildings, expected to generate **328.65 MWh** annually. This is expected to reduce Scope 2 GHG emissions by approximately **165.7 tCO_2e/year** through solar PV self-generation at Dārzciema Street.

In addition to environmental impacts, **Projects A to D** are expected to bring social and economic benefits., including improved connections and interoperability with neighbouring energy markets.

For example, **Project A**, the Ventspils–Brocēni–Varduva line, forms part of the Finland–Estonia–Latvia–Lithuania–Poland interconnection development.forms part of the Finland-Estonia-Latvia-Lithuania-Poland interconnection development. More broadly, **Project C** supports a more secure and reliable electricity supply through critical infrastructure upgrades.

Additional information on underlying calculations for the environmental impacts is included in the **Annex II**.

SECURITISATION

Not applicable as AST does not finance fossil fuel related activities or eligible but not aligned activities through the EU Green Bond instrument.

REPORTING

Information on bonds and all related documents is available on AST's website, section INVESTORS: https://ast.lv/en/content/bonds
Consolidated annual reports which include AST's Sustainability Reports pursuant to the Directive 2013/34/EU, the respective Taxonomy disclosures and the Green bond allocation reports covering disclosures on specific financed projects are available at: https://ast.lv/en/content/financial-statements
The first report after the issuance of the EU Green Bonds will be published in April 2027 and cover the financial year 2026, followed by a similar annual reporting cycle.
After full allocation of the EU Green Bonds, AST will prepare a post-issuance report (externally reviewed).

OTHER

CapEx Plan: Not applicable – AST ensures Taxonomy alignment at the transmission system level.
Contact details: ast.lv/en/contacts-section/contacts

ANNEX I: TAXONOMY ALIGNMENT AND ENVIRONMENTAL IMPACT EVIDENCE SUMMARY

1. Purpose of this annex

This annex provides supporting evidence for AST's EU Taxonomy alignment assessment and environmental impact logic under the EU Green Bond framework. It summarises the eligibility of AST's activities, the technical screening criteria, Do No Significant Harm and minimum social safeguard criteria assessment, AST's environmental impact logic, and the enabling role of electricity transmission infrastructure.

2. Internal Taxonomy assessment guidelines

In 2025, AST developed internal EU Taxonomy assessment guidelines. These guidelines cover economic activities relevant to both AST and its subsidiary Conexus Baltic Grid. Conexus Baltic Grid is not included under this EU Green Bond instrument.

The guidelines support consistent assessment of eligible activities against the EU Taxonomy criteria, including:

- eligibility under the relevant Taxonomy activity;
- technical screening criteria for substantial contribution;
- Do No Significant Harm criteria;
- minimum social safeguards;
- documentation and evidence requirements.

3. Eligible EU Taxonomy activity

AST's core operations are eligible under the Climate Delegated Act of the EU Taxonomy Regulation, specifically:

4.9. Transmission and distribution of electricity

In 2025, AST assessed the alignment of its operations with the criteria applicable to this activity. The assessment covered the relevant technical screening criteria, Do No Significant Harm criteria, and minimum social safeguards.

4. Technical screening criteria assessment

AST's electricity transmission infrastructure forms part of the interconnected European electricity transmission system. It includes 110 kV and 330 kV transmission lines and related infrastructure, including interconnections with the Estonian and Lithuanian transmission systems, which are further connected with transmission systems in other European countries.

On this basis, alignment with the relevant technical screening criteria is assessed at system level.

New electricity transmission infrastructure projects are considered Taxonomy-aligned where they relate to, among other things:

- construction of new interconnections;
- expansion of existing interconnections;
- installation of transmission transformers;
- deployment of equipment and infrastructure supporting greater use of renewable electricity;
- enhancement of system controllability;
- improvement of electricity transmission system resilience and efficiency.

4.1. Connections to generation assets

AST has considered the Taxonomy criterion related to transmission infrastructure developed to establish or expand connections between substations or with power generation facilities whose greenhouse gas emission intensity exceeds 100 g CO_2e/kWh.

In recent years, AST has established direct connections solely for the purpose of connecting new renewable energy capacities to the grid. AST does not develop new connections or expand existing connections for the use of non-renewable energy sources.

On this basis, the relevant criterion is considered met.

4.2. Smart metering systems

AST ensures compliance with the criterion concerning smart metering systems in accordance with Directive (EU) 2019/944.

All smart electricity metering solutions installed by AST within the transmission network comply with the requirements of this Directive.

4.3. Enabling role of activity 4.9

Activity 4.9. Transmission and distribution of electricity is an enabling activity under the EU Taxonomy.

Upgrades, modernisation, and development of the electricity transmission system allow for more efficient integration of renewable energy resources into the grid, improve integration with transmission systems in other EU countries, and enhance Latvia's broader climate transition.

Therefore, AST's infrastructure investments not only improve the system technically and maintain Taxonomy alignment but also support climate transition outside AST's own operational boundaries.

5. Do No Significant Harm assessment

5.1. Climate change adaptation

In 2025, AST conducted a climate risk assessment of its operations. The assessment was based on climate projections and reference sources, including the Intergovernmental Panel on Climate Change, the European Environment Agency, and the national meteorology service.

The assessment was performed at both operational and location level. In total, 42 potential risks were assessed. The most significant risks identified for the electricity transmission system included:

- infrastructure damage and/or electricity outage caused by storms or lightning;
- flood-induced damage to infrastructure and/or limited access to infrastructure locations;
- extreme weather conditions in Latvia or neighbouring countries affecting energy supply, causing energy deficit, or increasing the need for energy balancing;
- heat waves and weather conditions requiring adjustments to work schedules, especially during summer;
- increased electrification in other sectors requiring rapid system development and additional investment;
- increased insurance costs due to more frequent extreme weather events and related damage;
- potential delays in the supply of critical components due to extreme weather in originating countries or along logistics routes.

In 2026, AST reviewed its climate adaptation measures to ensure that the most significant risks are appropriately managed. The report on adaptation measures was approved by the Sustainability Committee.

5.2. Circular economy

AST addresses the transition to a circular economy through its environmental protection processes. These include measures for material recovery, return of resources to the economic cycle, and management of waste, including hazardous waste.

AST also incorporates waste management-related requirements into contracts with construction project contractors. These requirements support proper handling, recovery, and disposal of materials during infrastructure development and maintenance works.

5.3. Pollution prevention and control

AST has not implemented a separate dedicated process specifically for the application of the **IFC General Environmental, Health and Safety Guidelines**[8] in infrastructure projects. However, AST carries out its operations in accordance with certified management systems, including ISO 9001, ISO 14001, ISO 50001, and ISO 45001.

In autumn 2025, AST conducted a detailed mapping of the IFC General Environmental, Health and Safety Guidelines against AST's existing processes. No compliance gaps were identified.

One area identified for continued improvement is the use of insulation materials containing SF6, a substance with high global warming potential. AST has already reduced SF6 use in 110 kV switchgear and intends to reduce its use in 330 kV switchgear once suitable alternatives are available in the market. The IFC Guidelines do not prohibit SF6 use, but require minimisation where applicable, which AST addresses through its current and planned measures.

AST implements measures to conduct **electromagnetic field** measurements and to ensure appropriate planning and control of work execution. These measures are intended to prevent AST employees and subcontractors from being exposed to electromagnetic fields beyond permissible levels.

Relevant electromagnetic field and safety requirements are included in instructions applicable to AST employees and contractors performing work at AST facilities.

The EU Taxonomy provides that **polychlorinated biphenyls** should not be used in electricity transmission activities. AST discontinued the use of such substances in its operations in 2005.

At that time, while operating as part of the Latvenergo Group, AST participated in a UNDP Latvia framework programme aimed at removing equipment and assets containing such substances from circulation. In 2006, AST received a recognition letter from the UNDP Development Programme office in Latvia for the successful utilisation of former PCB-containing equipment.

5.4. Biodiversity protection

Where environmental impact assessment is required for new AST projects, such assessment is carried out in accordance with applicable laws, regulations, and recommendations, including those related to biodiversity.

In 2025, the only AST development project subject to environmental impact assessment under the Law on Environmental Impact Assessment was the construction of the Ventspils–Brocēni–Varduva transmission line, which is also included in the EU Green Bond framework. The environmental impact assessment process is expected to be completed in 2026. AST will follow the recommendations resulting from the assessment, including those related to biodiversity.

For day-to-day operational planning, AST has mapped protected areas and identified interfaces between AST-operated infrastructure and protected nature areas. These are taken into account when planning activities.

AST has also established procedures defining actions to be taken in cases involving the removal of nests of specially protected bird species or disturbance of individual birds. AST has obtained permits from the Nature Conservation Agency for activities affecting the white stork and the lesser spotted eagle. To further mitigate impacts on bird species, AST has entered into a cooperation agreement with the Latvian Ornithological Society and jointly implements relevant protection measures.

6. Minimum social safeguards assessment

6.1. Code of Ethics[9]

AST's Code of Ethics sets out the basic principles of conduct expected from employees. It covers ethical behaviour, responsible decision-making, and appropriate conduct in the workplace.

The Code of Ethics also supports a safe and inclusive working environment and addresses principles related to equal treatment and non-discrimination, including prevention of direct and indirect discrimination.

6.2. Whistleblowing procedure[10]

AST has established a whistleblowing procedure that provides a mechanism for reporting potential violations, including labour law violations and other misconduct.

The procedure defines the reporting channels, the process for reviewing reports, and the protection available to whistleblowers. This supports the identification and handling of potential breaches in a structured and protected manner.

6.3. Fraud, corruption, and conflict of interest risk management[11]

AST has adopted rules for fraud, corruption, and conflict of interest risk management. These rules define the framework for identifying, monitoring, preventing, and managing such risks.

The rules apply to AST's own operations and to relationships with external partners. They support active risk management across relevant stages and areas of AST's activities.

6.4. Remuneration and personnel management

AST's Remuneration Policy sets out principles for determining and ensuring fair employee remuneration. It also supports the prevention of discrimination in remuneration practices.

AST's Personnel Strategy includes measures aimed at promoting a diverse and inclusive working environment. Together, these documents support fair treatment, equal opportunities, and responsible personnel management.

6.5. Occupational health and safety

AST's Occupational Health and Safety Policy sets out the framework for ensuring a safe and healthy working environment. It includes measures for implementation, monitoring, and continuous improvement of occupational health and safety practices.

These measures are relevant both for AST employees and, where applicable, for contractor personnel working at AST facilities.

6.6. Supplier declaration

AST includes a Supplier Declaration in contracts with suppliers. Through this declaration, suppliers confirm responsible behaviour in several areas, including:

- fair competition;
- conflict of interest management;
- prohibition of fraud and corruption;
- prohibition of discrimination;
- sustainable development;
- social responsibility;
- fair remuneration.

The Supplier Declaration extends AST's minimum social safeguard expectations to suppliers and supports responsible business conduct across the value chain.

6.7. Contractor instructions and site-level requirements

AST applies specific work instructions for contractors hired to perform work at AST facilities. These include introductory labour protection training instructions for contractor personnel.

The instructions define requirements in areas such as:

- labour protection;
- fire safety;
- environmental protection;
- energy management;

[8] See here.
[9] See here.
[10] See here.
[11] See here.

- emergency response.

AST's agreements with contractors provide for sanctions in case of violations of the requirements specified in the instructions. This supports enforcement of AST's minimum social, safety, and operational standards in contractor activities.

7. Overall conclusion

Based on the assessment summarised above, AST's eligible activities fall under EU Taxonomy activity 4.9. Transmission and distribution of electricity and contribute primarily to the climate change mitigation objective.

AST's transmission infrastructure forms part of the interconnected European electricity transmission system, supports renewable energy integration, and enables Latvia's broader climate transition. The relevant technical screening criteria, DNSH criteria, and minimum social safeguards have been assessed through AST's internal Taxonomy assessment process.

8. Additional assessment for specific eligible CapEx projects

8.1. Renovation of operational headquarters on Dārzciema Street, Rīga

Renovation of the AST's operational headquarters on Dārzciema Street is eligible to the EU Taxonomy activity **7.2. Renovation of existing buildings**. According to technical screening criteria for this activity, renovation is aligned if it meets applicable national requirements for major renovation or achieves at least a 30% reduction in primary energy demand. The overall decrease in energy demand of the group of buildings according to the preliminary energy performance certificates is expected to reach more than 27% reduction (not including additional renewable energy capacities installed onsite which additionally decrease external energy demand to overall reduction exceeding 53%). At the same time, in Latvia, **major renovation completed before 2030 is linked to nearly zero-energy building status, which is connected to class A thresholds** for heating energy demand and non-renewable primary energy demand, together with other technical requirements. According to the preliminary energy audit, the **Dārzciema Street building is expected to reach class A energy performance after completion**. The renovation is expected to be finalised by 2028. On this basis, the renovation is considered aligned with the national requirements for major renovation, subject to confirmation in final energy performance documentation. Therefore, **it is considered that the building aligns with the technical screening criteria**.

As for Do No Significant Harm criteria, renovation projects are subject to DNSH criteria for climate change adaptation, water resources, circular economy, and pollution mitigation and control. AST has assessed the project aligns with the required criteria:

- **Climate risk assessment** done for AST group's activities in 2025 shows that the location on Dārzciema Street is not subject to significant climate hazards (e.g. flood which is a typical hazard in Riga). However, the project includes certain solutions to harvest rainwater and use it in irrigation of the greenery on the site, thus also supporting potential climate adaptation measures during rainfalls as well as improving circularity;
- Based on **technical specifications of the sanitary equipment** (taps, showers, bidets, etc.), the equipment used in the AST renovation project complies with the required limits for water flow (litres per minute or litres per flush);
- The **general contractor and its subcontractors comply with the national legislation on construction waste management** which requires at least 70% of construction waste to be prepared for reuse, recycling, or other material recovery. The key materials used in the building are concrete and steel which are subject to full further recycling and reuse after the decommissioning of the building in future;
- The construction **elements and materials used in renovation do not include hazardous and prohibited substances** listed in the appendix on pollution mitigation and control. **To limit pollution on and around the construction site,** AST sprinkles dust with water (when necessary), covers buildings intended to be decommissioned (the site includes both buildings that are renovated and outdated buildings which are decommissioned completely), and conducts work during regular work hours to limit noise which may disturb the surrounding residents' peace.

As for minimum safeguards, AST follows the same social safeguard mechanisms as listed in section 6 of this annex.

Thus, **the project is considered overall aligned with the EU Taxonomy**.

8.2. Add-ons to Dārzciema Street project

The project also includes installation of solar panels (**7.6. Installation, maintenance and repair of renewable energy technologies**), electric vehicle charging infrastructure (**7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings**), and rainwater/wastewater management solutions, which support the sustainability profile of the overall project. Considering requirements of 7.4. and 7.6., the only DNSH criteria to follow relate to climate change adaptation, which is ensured through climate risk assessment.

ANNEX II: SUMMARY OF INDICATIVE EXPECTED ENVIRONMENTAL IMPACT OF THE BOND ISSUENCE

1. Purpose of this annex

This annex documents the calculations underlying the indicative expected environmental impacts stated in the fact sheet. All Scope 2 GHG reductions are calculated using the market-based method in accordance with the GHG Protocol Corporate Standard.

2. Methodology and emission factors

- **Electricity, market-based**. Residual mix emission factor for Latvia is 0.5042 tCO_2e/MWh (AIB European Residual Mixes 2024, Version 1.0, 30 May 2024)[12]. This is the factor applied in AST's 2025 Scope 2 inventory and used here for all electricity-related GHG reductions. The emission factor may change over time (potentially be reduced – with more renewable energy entering the overall energy mix).
- **Electricity, location-based (shown for reference).** National grid emission factor for Latvia is approximately 0.0537 tCO_2e/MWh (Climate and Energy Ministry of Latvia)[13].
- **District heat.** Rīgas Siltums 2024[14] specific emission factor of 0.1411 tCO_2e/MWh, applied to district heat consumption at Dārzciema Street 86.

[12] **Note:** At the time of calculating AST's Scope 2 emissions inventory, the latest available AIB residual mix emission factor was the 2024 dataset. Therefore, the same factor is applied here for consistency with the Scope 2 calculation approach. For Latvia, the market-based residual mix emission factor used is **0.5042 tCO_2e/MWh** (AIB European Residual Mixes 2024, Version 1.0, 30 May 2024). The subsequently published AIB 2025 dataset indicates a lower residual mix emission factor for Latvia of **0.371 tCO_2e/MWh**. Future updates to the calculation may therefore result in lower electricity-related GHG reductions if the latest available factor is applied.

[13] **Source note:** Latvia's Climate and Energy Ministry provides a unified greenhouse gas emissions calculation methodology for assessing the climate impact of measures and projects. The methodology is based on Cabinet Regulation No. 42 of 23 January 2018 and includes the calculation approach, emission factors and formulas used to estimate planned or achieved GHG emission reductions or increases. The methodology applies, among others, to energy efficiency measures affecting heat and electricity consumption in buildings, renewable energy technology deployment, and other project types. The Ministry's published table also includes Latvian CO_2 emission factors for domestically produced heat and electricity, including the 2024 electricity factor of **0.0537 tCO_2/MWh**.

[14] **Note:** At the time of calculation, the latest available published data from AS "Rīgas Siltums" on primary energy factors and CO_2 emission coefficients related to supplied heat energy was the **2024 dataset**. Therefore, the 2024 values were applied in the calculation to ensure consistency with the source data available at the time. Future updates to the calculation may be required if newer annual values are published and become

- **Energy data sources**. **Project B** energy savings are extracted from energy audit reports submitted to the State Energy and Environment Agency (SEEA). **Project D** energy figures are extracted from (i) Energy Performance Certificates (EPCs) for the existing building stock at Dārzciema Street 86, issued in 2017 according to the Cabinet of Ministers regulation No. 222, and (ii) preliminary EPCs prepared for the renovation project in 2023, supplemented by the energy resource reduction assessment dated 24 July 2023 prepared by a certified energy auditor Andris Vulāns (certificate No. EA2-0115).

Project B: Energy efficiency gains from infrastructure upgrades

- **Energy savings.** Aggregated energy savings reported to SEEA from substations, transformer stations, and related infrastructure upgrade projects completed in 2024 and 2025 total 323.92 MWh per year, with a cumulative 16,195.95 MWh over the assets' expected useful life.
- This covers two transformer replacements completed under the 2025 development plan: Nr.46 RAF TNr.2 and Nr.32 Gajoks TNr.2. The 2024 installations relate to BESS and synchronous compensator connections, which are new-install grid support units with no predecessor transformer; accordingly, no energy efficiency delta is attributed to those units.
- **Scope 2 GHG reduction calculation, annual:** 323.92 MWh/year × 0.5042 tCO_2e/MWh = 163.3 tCO_2e/year.
- **Scope 2 GHG reduction calculation, lifecycle:** 16,195.95 MWh × 0.5042 tCO_2e/MWh = 8,165 tCO_2e.

Project D: Energy efficiency gains from operational headquarters' renovation and self-generated renewable energy

D.1 Building energy consumption reduction

- **Baseline (2017 EPCs).** Total actual annual energy consumption across 13 buildings (13,262.4 m² in total) at Dārzciema Street 86 has been 2,283.3 MWh.
- **Projected (2023 preliminary EPCs).** Total annual energy consumption across 6 buildings (post-renovation: Office building, production facility, warehouse, transport facility, workshop, and the retained sport complex; 15,044.1 m² in total) is expected to be 1,652.2 MWh.
- **Floor area increase:** (15,044.1 − 13,262.4) / 13,262.4 = 13.4%
- **Absolute energy consumption reduction:** 2,283.3 MWh − 1,652.2 MWh = 631.1 MWh per year
- **Proportionate reduction:** 631.1 / 2,283.3 = 27.64%

D.2 Energy intensity reduction

Total energy intensity, baseline:
2,283.3 MWh × 1,000 / 13,262.4 m² = 173.47 kWh/m²/year (weighted average across 13 buildings)

Total energy intensity, projected:
1,652.2 MWh × 1,000 / 15,044.1 m² = 124.86 kWh/m²/year (weighted average across 6 buildings)

Intensity reduction:
(173.47 − 124.86) / 173.47 = 28.0%

applicable for reporting or recalculation purposes. The source explains that primary energy factors and CO_2 emission coefficients are used in building energy performance assessment in Latvia in accordance with Cabinet Regulation No. 222.

D.3 Heating intensity reduction

Heating intensity, baseline. Weighted-average space heating demand across 13 former buildings, extracted from heating data included in the 2017 EPCs and weighted by calculation area: 136.76 kWh/m²/year.

Heating intensity, projected. Weighted-average space heating demand across the 6 post-renovation buildings, extracted from heating data included in the 2023 preliminary EPCs and weighted by calculation area: 60.21 kWh/m²/year.

Heating intensity reduction:
(136.76 − 60.21) / 136.76 = 56.0%

This reduction reflects envelope upgrades (insulation, fenestration), mechanical ventilation with heat recovery in the new buildings, and consolidation of inefficient legacy structures (workshops and warehouses with baseline heating intensities above 200 kWh/m²/year) into modern, thermally efficient replacements.

D.4 Rooftop solar PV self-generation and related Scope 2 GHG reduction

Installed capacity. Rooftop photovoltaic systems are installed on four buildings at Dārzciema Street 86, with a combined nameplate capacity of 424.07 kWp, comprising:

- Office building (D): 75.08 kWp
- Transport facility (E): 80.08 kWp
- Production facility (B): 182.46 kWp
- Warehouse (A): 86.45 kWp

Expected annual generation. Calculated using a specific yield of 775 kWh/kWp/year, representative of Latvian solar conditions:

- 424.07 kWp × 775 kWh/kWp = **328,654 kWh**, or approximately **328.65 MWh/year** gross potential

Scope 2 GHG reduction, market-based:

- 328.65 MWh/year × 0.5042 tCO_2e/MWh = **165.7 tCO_2e/year**

Scope 2 GHG reduction, location-based, for reference:

- 328.65 MWh/year × 0.0537 tCO_2e/MWh = **17.6 tCO_2e/year**

The calculated GHG reduction represents avoided Scope 2 emissions. In other words, the electricity generated by the rooftop solar PV systems reduces the amount of electricity that would otherwise need to be purchased from the grid. As a result, the associated grid electricity emissions are avoided. Based on the market-based emission factor, this corresponds to approximately **165.7 tCO_2e/year** of avoided Scope 2 emissions. For reference, using the location-based Latvian electricity factor, the avoided emissions would be approximately **17.6 tCO_2e/year**.