

ABO Energy GmbH & Co. KGaA

Sector: Renewable energy - Project development
DE-65195 Wiesbaden

VERY GOOD

SUSTAINABILITY RATING 2024

imug rating
by EthiFinance

75/100

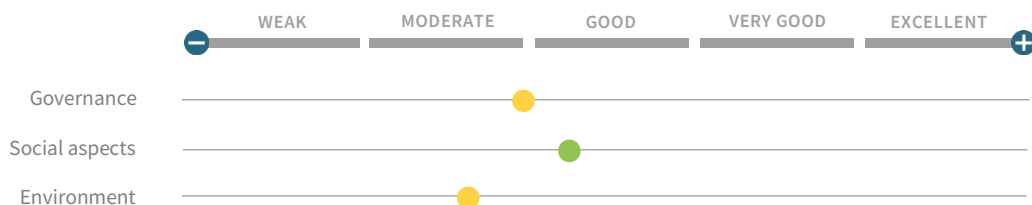
VERY GOOD

imug rating was commissioned to prepare an independent sustainability rating for ABO Energy GmbH & Co. KGaA. The company's **sustainability performance** is rated as "very good" overall.

ABO Energy GmbH & Co. KGaA is a project developer in the field of renewable energy sources with headquarter in Wiesbaden. The company specializes in the planning and construction of wind and solar parks as well as the implementation of battery and hydrogen projects. ABO Energy employs around 1,200 people and operates in 16 countries worldwide.



ESG MANAGEMENT (Assessment Area I)



49
POINTS
WEIGHTING
50 %



PRODUCTS AND SERVICES (Assessment Area II)

Positive products

Business units: Solar, wind, battery storage, hydrogen
- 100 percent share of sales.

Negative products

ABO Energy GmbH & Co. KGaA does not market any products that have sustainability impacts assessed as negative.

100
POINTS
WEIGHTING
30 %



Controversies (Assessment Area III)

ABO Energy GmbH & Co. KGaA is not involved in any controversial business activities assessed as relevant.

100
POINTS
WEIGHTING
20 %

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RATING SCALE



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1. BACKGROUND

imug rating was commissioned to prepare an external and independent sustainability rating for ABO Energy GmbH & Co. KGaA (hereinafter referred to as "ABO Energy" or "the company").

The methodology applied and areas investigated in this sustainability rating follow an approach commonly used for assessing the sustainability performance of companies. It is based on three guiding principles for sustainable management discussed in the context of sustainable finance: companies should **operate responsibly, achieve positive sustainability impacts** and **prevent risky or controversial behaviour**.

Accordingly, the Sustainability Rating covers the following areas of assessment:

- ▶ **ESG management:** An analysis of the implementation of essential elements of sustainable corporate management
- ▶ **Products and services:** An analysis of the products and services on offer – products with a positive or negative sustainability impact
- ▶ **Controversies:** An analysis of controversial business behaviour, i.e. the company's involvement in serious and/or systematic controversies and the company's response to such incidents

A company can achieve a maximum of 100 points in each assessment area. The results of the individual assessment areas are summarised to form the overall rating of a company's sustainability performance. ESG management is given a weighting of 50 percent, the provision of sustainable products and services is weighted at 30 percent and controversial business transactions at 20 percent. The rating methodology is described in detail in Section 3.

This assessment was carried out using publicly available information, information provided to imug by the Company, media reports, the opinions of external experts and studies. The assessment was carried out in the period from May to July 2024.

Company profile

Name: ABO Energy GmbH & Co. KGaA

Business areas: Project development (solar and wind energy, battery storage, hydrogen)

Employees: 1,221 (2023)

Turnover: EUR 299.7 million (2023)

Solar, wind and battery projects under development: approx. 900 with a total capacity of approx. 23.1 GW (2024)

2. SUSTAINABILITY RATING

Summary

The sustainability performance of ABO Energy GmbH & Co. KGaA is rated as **"very good"** overall.

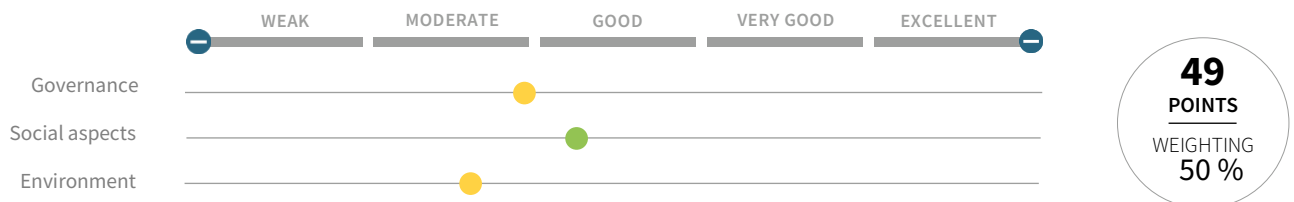
- ▶ The company's **ESG management** is rated as **"moderate"**.
- ▶ The **products/services** are rated **positively** from a sustainability perspective.
- ▶ The company is **not** involved in **any controversial business activities or controversies** assessed as relevant.

Assessment Area	Rating	Weighting	Sustainability Rating
ESG management	49 points	50 %	75 points/very good
Products and services	100 points	30 %	
Controversies	100 points	20 %	



ESG management (Assessment Area I)

ESG management – rating overall



Governance

ABO Energy GmbH & Co. KGaA achieves a rating of "moderate" in the area of Governance according to the imug rating criteria.



ABO Energy has a sustainability strategy that was developed based on stakeholder surveys. Qualitative targets are formulated in connection with this. The company is currently working on a CSRD-compliant materiality analysis. The definition of quantitative targets and the implementation of a target alignment would also be desirable. Responsibility for sustainability at ABO Energy is anchored at the highest management level and the implementation of CSR measures is monitored by the top management.

In order to ensure legally compliant behavior, ABO Energy GmbH & Co. KGaA has adopted a Code of Conduct. The company also implements comprehensive measures to prevent corruption and has an anonymous complaints mechanism. There is potential for improvement in the implementation of external audits and the expansion of public reporting on the compliance management system (violations, tax compliance, details on training, donations/sponsorship).

The involvement of stakeholders is another important element of responsible corporate governance. ABO Energy works together with stakeholder groups on CSR-relevant topics and is involved in various projects and partnerships. The participation of citizens should be emphasised. Public reporting on incidents or violations relating to relationships with stakeholders would be desirable.

ABO Energy is very well positioned in the area of operational/plant safety. The company carries out risk analyses and continuously monitors its plants. Specific safety concepts and internal audits form the basis of operational/plant safety management. The company also records relevant operational safety indicators. For a more systematic approach, a formalization of the management system within a specific guideline would be desirable.

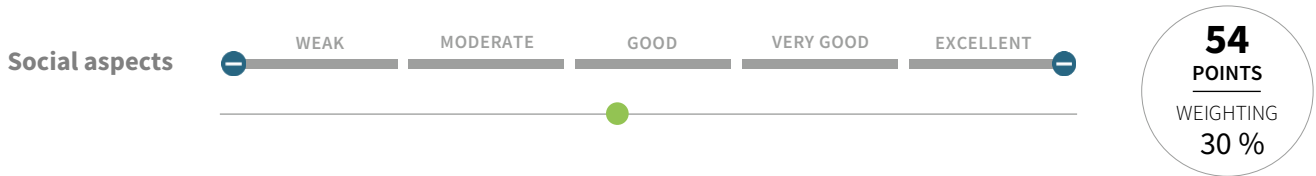
When planning projects, aspects relating to the social and ecological improvement of the plants are integrated at an early stage through feasibility studies, site analyses or environmental assessments. In addition, the company actively looks into alternative raw materials or the further development of technologies and their use. Going forward, the company could extend the implementation of product life cycle analyses to all phases of the entire product portfolio.

Responsible supply chain elements are defined in a central guideline for ABO Energy suppliers, such as addressing the ILO core labor standards. The company carries out regular and comprehensive risk analyses with regard to social and ecological risks in the supply chain. In addition, suppliers are externally monitored for environmental, corruption and social violations. There is potential for improvement in the establishment of a public reporting system on the implemented supply chain management system.

In general, an expansion of public reporting on ESG topics would be desirable. For example, a sustainability report should be published in which the sustainability activities of ABO Energy GmbH & Co. KGaA are presented systematically and transparently.

Social aspects

ABO Energy GmbH & Co. KGaA achieves a rating of "good" in the area of social aspects according to the imug rating criteria.



The responsible treatment of employees is an important aspect of responsible company management. At ABO Energy, all employees have social security and are largely represented by a works council. In addition, the company has implemented comprehensive measures to protect its employees. There is potential for improvement in the formalisation of regulations regarding working hours and remuneration within a central guideline.

ABO Energy is committed to respecting general human rights and uses on-site audits at locations of ABO to monitor compliance with defined labour conditions. Complaints about human and labour rights can be made via an anonymous complaints mechanism. In addition, the company should formalise its obligation to comply with the ILO core labour standards in a guideline and carry out a risk analysis in its own company.

The company is very well positioned in the area of occupational health and safety. The company has a centralised guideline that covers key issues relating to occupational health and safety. The company also carries out risk analyses and continuous monitoring and has had most of its management system externally certified in accordance with ISO 45001. Public reporting on relevant key figures would be desirable.

The company has a systematic approach to training and developing its employees. ABO Energy GmbH & Co. KGaA offers its employees comprehensive training and further education opportunities. The company also records all relevant key figures relating to its training and further education system. There is potential for improvement in the publication of these key figures.

ABO Energy GmbH & Co. KGaA has adopted a comprehensive non-discrimination policy. The company has implemented various measures to promote equal opportunities for employees, covering the areas of work-life balance, advancement of women, people with disabilities and diversity. ABO Energy GmbH & Co. KGaA could publicly address the principle of equal pay and publish data on the pay hierarchy within the company to systematize equal opportunities to a greater extent.

Environment

ABO Energy GmbH & Co. KGaA achieves a rating of "moderate" in the area of environmental aspects according to the imug rating criteria.



The company carries out environmental impact analyses for its projects and environmental audits in the context of office ecology. An internal audit system has been installed and training courses on office ecology are offered. Around half of the ABO Energy GmbH & Co. KGaA sites have an externally certified environmental management system (Ökoprot). For deeper systematization of environmental management system, the company could formulate a specific environmental guideline with quantitative targets. Also it could record and publicly report relevant environmental indicators.

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ABO Energy GmbH & Co. KGaA carries out risk analyses regarding its greenhouse gas emissions and derives many individual measures to achieve reductions. The company also records its Scope 1-3 emissions. A climate protection target has also been adopted with the continuous reduction of Scope 1 and 2 emissions. There is room for improvement for the company in the formulation of further climate protection targets with specific time horizons and the adoption of a specific central climate protection guideline. In addition, public reporting on GHG emissions (Scope 1-3) would be desirable.

With regard to biodiversity, risk analyses are carried out and ecological profit and loss accounts are prepared for German sites. The resulting measures are subject to monitoring. These measures include technical procedures such as bat or red kite shutdowns for wind turbines. In addition, the company reports publicly on land consumption and the ecological conditions of the areas in which its projects are located. A separate guideline on biodiversity and the definition of quantitative targets would be desirable.

The company records its consumption in the following areas: GHG emissions (Scope 1-2), energy and water. The company was able to reduce its consumption in relation to turnover in two environmental areas: GHG emissions (Scope 1-2) and water. There is room for improvement in the specific data collection for hazardous and non-hazardous waste.



Products and services (Assessment Area II)

The Products and Services assessment area analyzes a company's business model. An assessment is made of the positive or negative contributions a company makes to environmental or social development with its products and/or services (see 3. Rating Methodology).

100
POINTS
WEIGHTING
30 %

The products/services are classified as positive from a sustainability perspective.

Positive products/ Services

Proportion of revenues: **100 percent, equivalent to 50 points**

Business units:

1. solar energy (planning of solar parks, sale of rights, construction of solar parks, other services)
2. wind energy (planning of wind farms and sale of rights, construction of wind farms, operational management/service, other services)
3. battery (planning of battery projects and sale of rights, construction of battery projects, other services)
4. hydrogen (planning of hydrogen projects and sale of rights, construction of hydrogen projects, other services)

Negative products/ Services

Proportion of revenues: **zero percent**

The company does not offer negative products and/or services.



Controversies (Assessment Area III)

The company achieved **100 points** in this assessment area.

100
POINTS
WEIGHTING
20 %

A consideration of controversial business activities is used as a corrective tool to analyze the sustainability performance of a company in order to contrast the precautions and measures taken by the company on the one hand with its actual performance on the other. An analysis is carried out based on comprehensive media research to determine whether a company is or has been involved over the past three years in controversies involving the following: environmental violations, violation of workers' or human rights, corruption (including tax evasion, cartels, money laundering and fraud) or product safety. Particular attention is paid to violations of the principles of the UN Global Compact (see Rating Methodology)

The company is not involved in any controversial business activities assessed as relevant.¹

¹ The research to identify potential controversies was completed on 26 June 2024.

3. EVALUATION METHODOLOGY

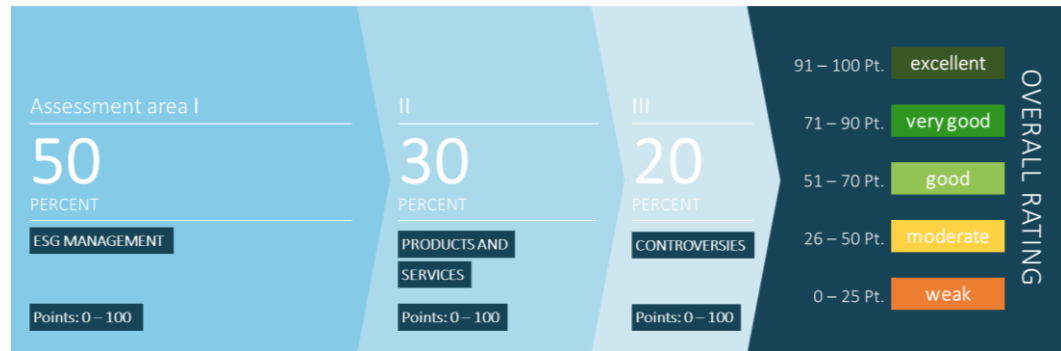
Explanations

Overall assessment

A company can achieve a maximum of 100 points in each assessment area. After the analysis, the results of the individual assessment areas are combined to form an overall assessment of a company's sustainability performance.

The total is expressed as a score between 0 and a maximum of 100 and is expressed as the theoretically best result. This score is also converted into a five-category scale that expresses the overall rating of the company in words. In ascending order, the categories are "weak", "moderate", "good", "very good" and "excellent".

Overall Sustainability Rating



Assessment Area I: ESG Management

In the assessment area of *ESG management*, companies are rated on their performance in the areas of responsible governance, social aspects and the environment. A maximum of 100 points can be achieved in each area. The Company's performance in the area of responsible governance is given a weighting of 40 percent in the assessment of this area. Social aspects are given a weighting of 30 percent and the area of environment contributes 30 percent to the assessment.

ESG Management Rating



**Assessment Area II:
Products & Services**

The area of *products and / or services* is a consideration of a company’s business model. An assessment is done of the positive or negative contribution a company makes towards ecological or social development with its products or services. Here, imug rating distinguishes between positive products that contribute to the sustainable transformation of society on the one hand and negative products, the production and / or use of which is associated with environmental or social consequences that are considered negative or, at the very least, the subject of public controversy.

Products and / or services are rated in terms of their positive or negative contribution to sustainability issues.

- Positive ratings are given to products and / or services that e.g. protect the climate, contribute to the energy transition, protect ecosystems, foster good health or promote/ensure sustainability in infrastructure projects.
- Similarly, products and / or services that damage the climate or the environment, adversely affect good health or have a harmful impact on society as a whole are rated negatively.

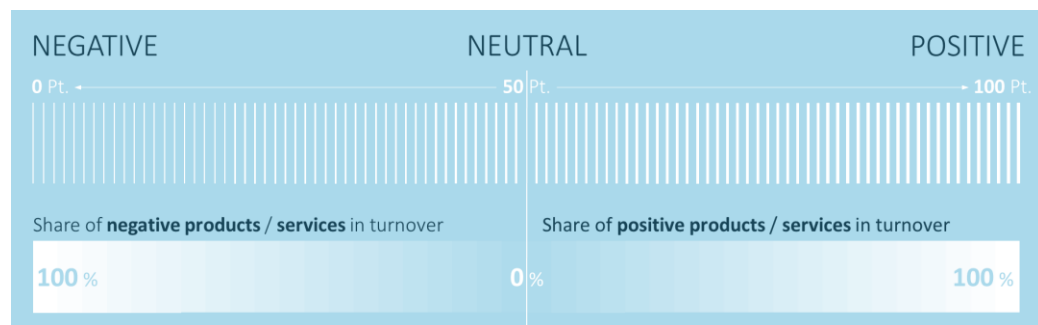
To this end, imug rating analyses companies in the following controversial business areas: fossil fuels, unconventional oil and gas production, the production of nuclear energy and strategic products/services for the operation of nuclear power plants, the production of conventional and controversial weapons, industrial livestock production, animal testing, green genetic engineering, gambling, tobacco, alcohol, pornography and hazardous chemicals.

A company that produces neither positive nor negative or controversial products is given a neutral mean score of 50 points. This "neutral" rating does not necessarily mean that the product is actually neutral in terms of its impact on the environment or on social issues. It is merely classified as neutral with respect to the sustainability issues examined here.

imug rating calculates the percentage of turnover generated through positive products. The points corresponding to this percentage are incorporated into the rating as plus points. A company that only produces positive products or services can thus achieve 100 points.

The positive products are then contrasted with the controversial products, which we also calculate as a percentage of total turnover. The points corresponding to this percentage are incorporated into the rating as minus points. The lowest possible score is 0 points, which means that the company in question only markets negative products or services.

Rating of products and services



The score to be achieved with positive or negative products is calculated using the share of positive or negative products in the turnover: **Score achieved = $\frac{50 \times \text{share of turnover}}{100}$**

Example: An energy supply company that generates 30 percent of its electricity from coal receives 15 minus points. If it simultaneously generates 70 percent of its electricity from hydropower, it receives 35 plus points. In assessment area II, the company thus scores 50 - 15 + 35 = 70 points.

**Assessment Area III:
Controversies**

All too often, the information communicated and published by companies highlights the positive aspects of their corporate activities without sufficiently addressing negative reports such as incidents of bribery, violations of human rights or breaches of international environmental regulations. Consideration of controversial business conduct is thus a crucial corrective tool when analyzing a company's sustainability performance. imug rating supplements a company's ESG rating with an analysis of publicly available media reports on that company's social, environmental and ethical conduct. This analysis may include media and press reports on allegations of the company violating recognized standards and laws, or reporting on legal disputes in which the company is involved. Companies are analyzed for evidence of the following controversies, for example: environmental violations, workers' or human rights violations, corruption and product safety. Special attention is paid to the principles of the UN Global Compact.

A company can achieve a maximum of 100 points in this assessment area insofar as no solid evidence exists of its involvement in ESG-relevant controversies. If information on involvement in controversies does exist, however, points are subtracted accordingly.

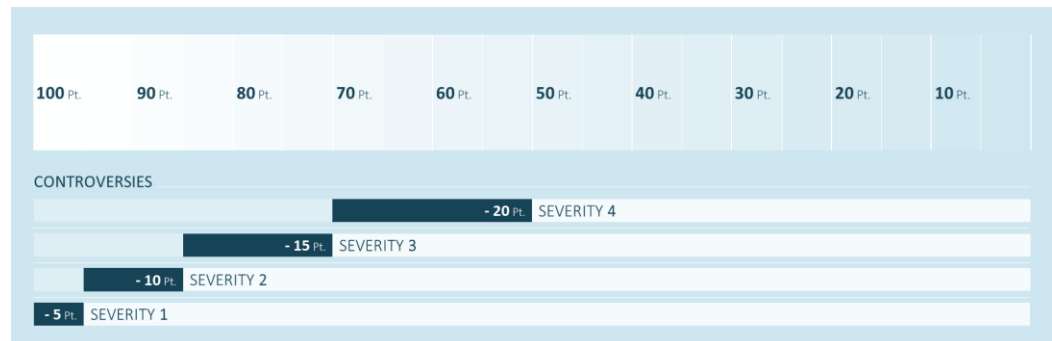
Points are deducted based on a classification of the severity of the controversies, as shown in the figure below.

Dimensions for classifying the severity of controversies

Severity:

- In order to assess the severity of a controversy, the impact on stakeholders and the environment is considered on the one hand (magnitude, scope and reversibility) and on the other hand the impact on the company (magnitude, scope and materiality).

In assessment area III, a company can achieve a maximum of 100 points. Any controversies are classified in terms of their severity and frequency, and points are deducted accordingly.



In addition to its severity, the frequency with which a controversy occurs is also taken into account. If, for example, controversies classified as immaterial occur frequently in relation to the same topic, this area of controversy can be classified as significant or even critical if, say, a systematic approach on the part of the company is the reason behind the violations. Lastly, imug rating also analyzes the company's ability to respond to existing controversies. Here, companies that deal constructively with controversies receive a better rating in the area of controversies than companies that do not react at all or only offer insufficient responses.

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