



Oncor Sustainable Bond Framework

INTRODUCTION

Oncor Electric Delivery Company LLC (“Oncor,” the “Company”, “we, “us,” or “our”) is a regulated electricity transmission and distribution company that provides the essential service of delivering electricity safely, reliably and economically to end-use consumers through our electrical systems, as well as providing transmission grid connections to merchant generation facilities and interconnections to other transmission service providers in Texas. We operate the largest transmission and distribution system in Texas, delivering electricity to more than 3.7 million homes and businesses and operating more than 139,000 miles of transmission and distribution lines. Our more than 4,000 employees are proud to serve a service territory that includes more than 10 million Texans. We are comprehensively regulated by the Public Utility Commission of Texas (“PUCT”) and the Electric Reliability Council of Texas, Inc. (“ERCOT”), and for certain purposes by the Federal Energy Regulatory Commission (“FERC”). Oncor does not own or operate any generation facilities, offer retail services, take title to electricity, or purchase electricity for resale.

As an essential service provider and an important component of the communities in which we live and work, we recognize our responsibility to address some of the most relevant challenges of our time—climate change, racial and economic inequity, the need to keep our employees and communities safe in the provision and use of our services, and, quite simply, making our communities a better place in which to live. Some examples of Oncor’s commitment to this effort include:

- Investing more than \$1.9 billion in spending with women- and minority-owned businesses since the creation of our supplier diversity program in 2007, with significantly increasing spend in recent years;
- Delivering cleaner energy, by connecting more than 60 renewable generators to the ERCOT grid that are capable of producing more than 11,000 megawatts (“MW”) of electricity. Of this, approximately 10,000 MW is from wind interconnections, representing more than 42% of all ERCOT wind generation;
- Deploying 3.7 million advanced meters across our distribution service territory, allowing customers to access better information about their electricity use and make efficiency decisions for themselves, while eliminating the need for Oncor to drive more than 150 million truck miles, thereby preventing the emission of more than 24,000 tons of carbon dioxide; and
- Spending more than \$843 million on our “Take A Load Off, Texas” energy efficiency program since 2002, helping more than 950,000 customers reduce their energy usage.

But it’s not just about the things we do. At Oncor, how we do them is also paramount. Oncor has a long-standing commitment to the economic development of the communities we serve, as well as to the safety of those communities. Oncor’s Super Safe Kids program has reached nearly 80,000 students across 24 school districts with its electric-safety message, and



Oncor has also partnered with PBS Kids to air an animated public service announcement about electric safety that has been viewed more than 16 million times by children ages 6-11.

FRAMEWORK

We have designed this Framework under which we may issue, from time to time, certain bonds or related debt instruments with net proceeds that we intend to utilize to finance or refinance one or more projects that we believe may have environmental and/or societal benefits (any such bonds, a “Sustainability Bond”).

This Framework details:

1. Use of Proceeds: Which project types are eligible for financing/refinancing with the net proceeds from the sale of any Sustainability Bonds we may make from time to time, and how those projects provide clear environmental and/or social benefits;
2. Process for Project Evaluation and Selection: Relevant evaluation elements include social objectives, the process for evaluation, and the related eligibility and/or exclusion criteria;
3. Management of Proceeds: How proceeds are tracked and verified; and
4. Reporting: How the Company intends to provide Sustainability Bond reporting on a regular basis until the net proceeds of any Sustainability Bond issuance are fully allocated or disbursed.

1. ELIGIBLE PROJECTS

Proceeds obtained from our Sustainability Bond issuances shall be used to finance and/or refinance a group of selected projects that offer tangible social benefits, made by us beginning with the relevant issuance date of the Sustainability Bonds, or in the 24 months prior to the issuance. Eligible projects generally fall into the following categories, some or all of which Oncor may pursue for particular debt offerings:

- Socio-economic advancement and empowerment, including Gender inclusion (e.g., supporting businesses owned by historically underrepresented groups);
- Renewable energy (including electricity transmission connecting renewable energy sources such as wind, solar, battery storage, hydropower facilities and other generally acknowledged sources);
- Energy efficiency (such as programs supporting end user efficiency, energy storage, district heating, smart grids, appliances and products);
- Clean transportation (such as electric, appropriate hybrid, public, rail, infrastructure for clean energy vehicles and reduction of harmful emissions), including the construction of infrastructure to facilitate the use of such transportation (Oncor will consider hybrid



passenger vehicles for inclusion in a green or sustainable bond when the emissions intensity is below 75 gCO₂ per passenger kilometer.); and

- Green Oncor workspaces, either new or refurbished, owned or leased, which meet regional, national or internationally recognized standards or certifications.

2. PROJECT EVALUATION

Our Sustainable Finance Committee (the “Committee”), which consists of representatives from Oncor’s Supply Chain, Treasury, Legal, Accounting, Compliance, and Communications teams shall be responsible for the assessment and verification of Eligible Projects, on an annual basis to ensure alignment with our Framework. The Committee will develop appropriate standards and adhere to developing sustainable finance conventions to make such assessments and verifications; two examples of this assessment processes are further detailed below in regards to hydropower facilities and Green Workspaces. Any funding from the net proceeds from the sale of the Sustainability Bonds that is allocated to an Eligible Project will follow an internal evaluation process that includes final review and approval by Oncor’s Treasurer.

Regarding the interconnection of hydropower facilities, Oncor eligibility criteria will require that facilities should either (i) have an installed capacity of less than 25MW (“small hydro”) or (ii) demonstrate a low carbon profile by having a reservoir power density of >5 W/m² or completing a life-cycle assessment showing emissions of <100 gCO₂/kWh. Additionally, all facilities should be subject to a robust environmental and social risk assessment, noting, in particular, the importance of such assessments for any new impoundment facilities.

Oncor will determine the eligibility criteria of Green Workspaces in line with Leadership in Energy and Environmental Design (LEED) Certification from the U.S. Green Building Council, which provides independent verification of a building or neighborhood’s green features, allowing for the design, construction, operations and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings. LEED projects earn points across nine basic areas that address key aspects of green buildings, including integrative process; location and transportation; sustainable sites; water efficiency; energy and atmosphere; materials and resources; indoor environmental quality; and innovation and regional priority. LEED Gold will be the minimum certification accepted, which is the second highest level out of four possible ratings. A number of Oncor facilities have applied for and received LEED Certification.

3. MANAGEMENT OF PROCEEDS

Oncor’s Treasury department will annually allocate the Company’s spend on Eligible Projects (“Eligible Projects Spend”) to the net proceeds from the sale of the Sustainability Bonds. We expect to allocate or disburse all proceeds to Eligible Projects Spend (including any Eligible Projects Spend within 24 months prior to issuance) within a three-year period after the issuance date of the Sustainability Bonds.

Pending the allocation or disbursement of amounts equal to the total amount of the net proceeds to Eligible Projects Spend, an amount equal to the unallocated/undisbursed balance of



the net proceeds may be temporarily invested in cash, cash equivalents and/or U.S. government securities or used to repay certain of our indebtedness, or both.

Payment of principal and interest on the Sustainability Bonds will be made from our general account and will not be linked to any specific Eligible Projects Spend.

4. REPORTING

Annually and, in any event, within one year of the issuance date of any Sustainability Bonds, and until the net proceeds from the issuance of such Sustainability Bonds have been fully utilized, we will publish a report (the “Eligible Projects Spend Report”) on our website, www.oncor.com, that will include:

- The amount that has been spent on Eligible Projects and allocated to net proceeds from the sale of the Sustainability Bonds;
- The outstanding amount of net proceeds from the issuance of the Sustainability Bonds yet to be allocated to or spent on Eligible Projects;
- To the extent practicable, qualitative and quantitative performance indicators for any of the Eligible Projects with Eligible Projects Spend for the period covered by the report supporting the ongoing sustainability efforts as well as the underlying methodologies and assumptions; and
- Assertions by management that the net proceeds of the Sustainability Bonds were allocated/disbursed to either qualifying Eligible Projects Spend or temporarily invested in cash, cash equivalents and/or U.S. government securities in accordance with our cash management policies or used to repay certain of our indebtedness, or both.

In addition, the Eligible Projects Spend Report will be accompanied by a report from an independent registered public accounting firm in respect of the independent registered public accounting firm’s examination of management’s assertions conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.