



SID BANK GREEN BOND - Impact Report for 2020

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SID Banka

SID - Slovene Export and Development Bank Inc., Ljubljana

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SID BANK GREEN BOND

In accordance with its primary mission, SID Bank finances preserving of the environment and energy efficiency with the aim to provide funding for supporting actions to protect the environment, ensure proper waste management, proper consumption of natural resources, increasing investments in environment protection infrastructures, encouraging the use of renewable energy sources and energy efficiency.

As part of the activities to achieve the above-mentioned goals, SID Bank issued a green bond in the amount of EUR 75 million in December 2018. SID Bank's green bond was the first green bond issued in accordance with the ICMA 2018 Green Bond Principles¹ (hereinafter: ICMA Principles) in the Republic of Slovenia and one of the first green bonds in this part of Europe. At the Green Bond Pioneer Awards event in 2019, SID Bank received award from the international organization Climate Bonds Initiative for the issuance of the first public sector green bond from the Republic of Slovenia.



SID Bank has published the Green Bond Framework² in accordance with the ICMA Principles determining the following categories for allocation of the net proceeds of the Green Bond portfolio projects (Eligible Green Projects Portfolio): 1.) Renewable Energy, 2.) Energy Efficiency, 3.) Pollution Prevention and Control, 4.) Environmentally Sustainable Management of Living Natural Resources and Land Use, 5.) Clean Transportation, 6.) Sustainable Water and Wastewater Management, 7.) Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes; and 8.) Green Buildings.



SID Bank has obtained an independent second party opinion from Sustainalytics, which confirmed that Green Bond Framework is credible and impactful, aligned with the ICMA Principles.

¹ The ICMA 2018 Green Bond Principles are voluntary guidelines that recommend transparency and disclosure of information and promote integrity in the development of the green bond market by clarifying the approach to issuing green bonds.

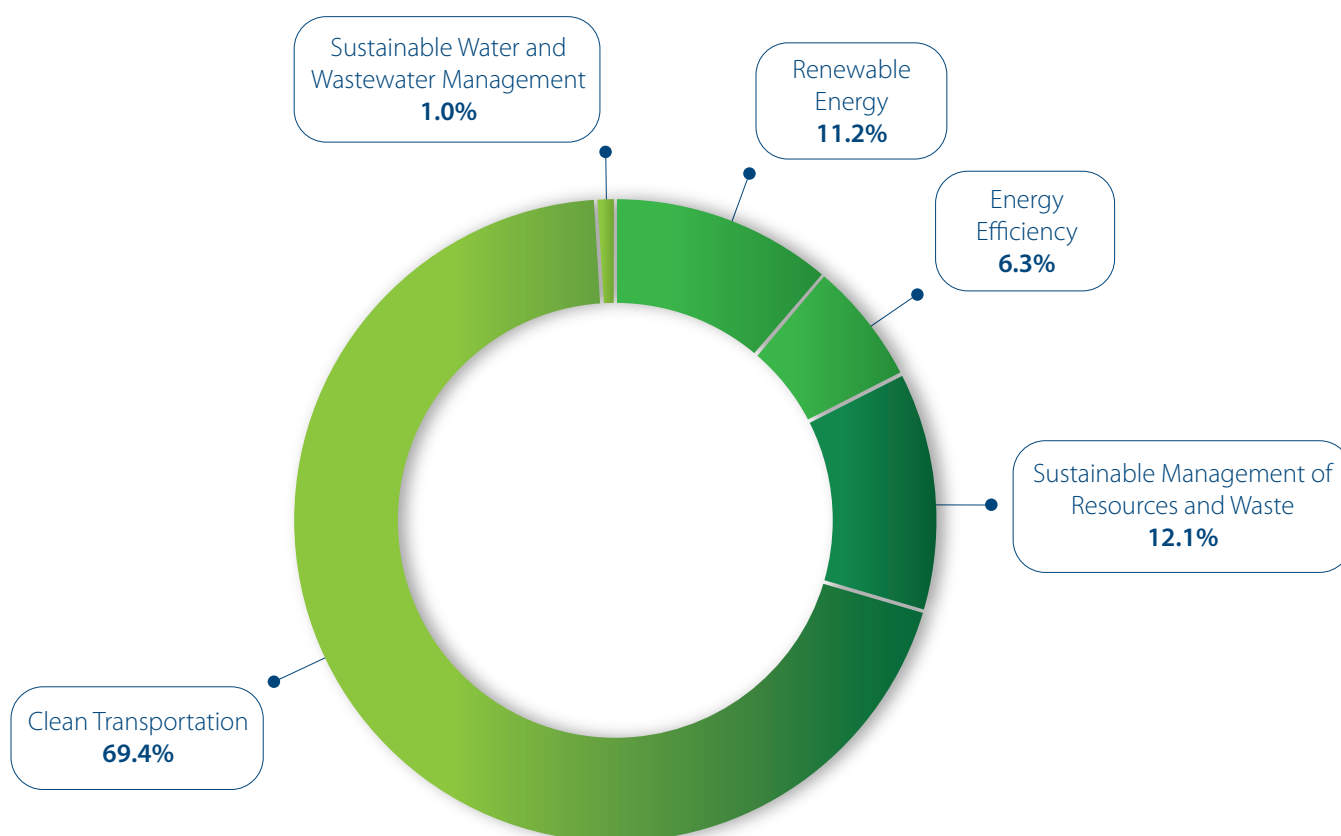
² https://www.sid.si/sites/www.sid.si/files/documents/investitorji/green_framework_-_final_english_28.11.2018.pdf

USE OF GREEN BOND PROCEEDS

In the Green Bond Framework SID Bank obliged itself to report on the allocated amount and the estimated environmental effects³ of financed green projects according to the categories set out in the ICMA Principles on an annual basis. Current annual reporting comprise the projects financed by SID Bank in 2020.

In 2020 SID Bank allocated funds on the basis of green bond proceeds to 5 projects in the total amount of EUR 4.1 million. By the end of 2020 SID Bank allocated funds to 15 projects in the total amount of EUR 78.8⁴ million, of which EUR 42.6 million were disbursed. The largest share, namely 69.4% of all funds, has been allocated to green projects in the ICMA Green Category of Clean Transport, 12.1% in the category of Sustainable Management of Resources and Waste, 11.2% in the category of Renewable Energy, and 6.3% in the category of Energy Efficiency and 1.0% in the category of Sustainable Water and Wastewater Management.

Structure of Allocated Funds by ICMA Green Categories by the end of 2020



³ The estimated environmental effects represent an assessment of the expected annual environmental effects for the representative year when the project is completed and operates at normal capacity.

⁴ The amount of allocated funds for projects includes only that part of SID Bank's investments that contains the green component. The non-green part of projects is excluded from reporting.

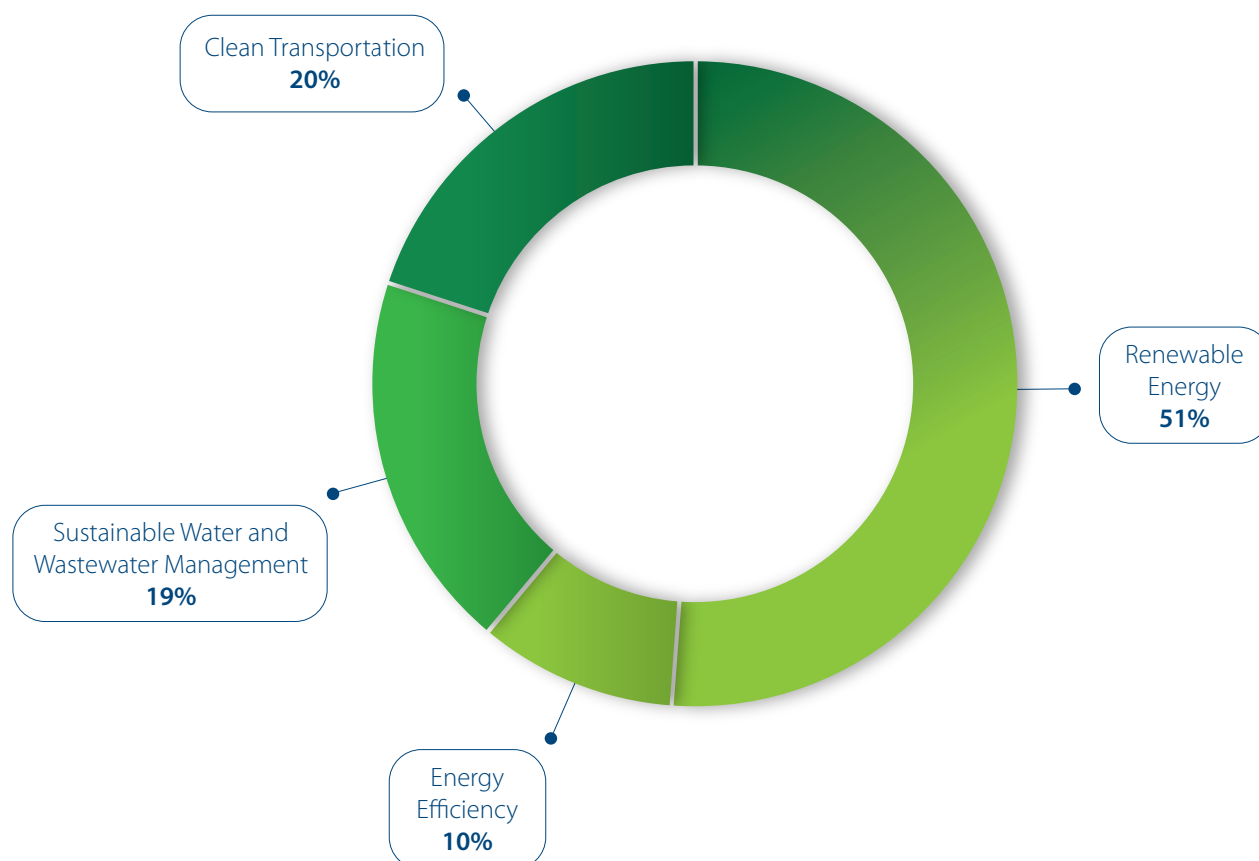
ESTIMATED ENVIRONMENTAL IMPACTS OF THE PROJECTS FINANCED FROM GREEN BOND UNTIL THE END OF YEAR 2020⁵

The following estimated environmental effects are achieved annually with one million euros of green bond proceeds allocated by the end of 2020:

- Reduction of greenhouse gas emissions by **689 tons of CO₂**,
- Production of electricity from renewable energy sources in the amount of **352 MWh**,
- Production of thermal energy from renewable energy sources in the amount of **917 GJ**,
- Electricity savings of **46 MWh**,
- Energy savings, other than electricity, of **730 GJ**,
- Cleaned wastewater in the amount of **28 PE⁶**,
- Increase in usage of wood by **4 tons⁷**,
- Production of energy or fuel from non-recyclable materials or waste in the amount of **3,403 GJ**,
- Production of an additional quantity of recycled products and fuel in the amount of **187 tons**,
- Increase in passenger kilometers from the clean transportation in the amount of **1,473 passenger kilometers**.

With the green bond proceeds allocated by the end of 2020 51% of greenhouse gas emissions' reduction relates to projects from category Renewable energy, 20% from category Clean transportation, 19% from category Sustainable Management of Resources and Waste and 10% from category Energy Efficiency.

Cumulative reduction of greenhouse gas emissions by ICMA green categories



⁵ Only the pro-rated share of the environmental effects that corresponds to the projects' costs financed from the green bond proceeds is reported.

⁶ PE means population equivalent, i.e.. the number of people that can be connected to the sewage network or wastewater treatment plant.

⁷ Increased usage of wood as a renewable source replacing the unsustainable sources.

The environmental impact assessment of projects financed from the green bond has been made in cooperation with the Jožef Stefan Institute - Energy Efficiency Centre (hereinafter: the Institute), which is an external independent evaluator and is the leading institution in this area in the Republic of Slovenia. In its environmental impact assessment the ICMA Principles have been followed. Its methodologies and calculations are typically based on actual data on the environmental impacts of individual projects if available. Alternatively methods for calculating characteristic data (savings, emission reductions) in use in Slovenia or other expert bases/data sources for calculations have been applied. In the absence of precisely identifiable methods the expert judgement has been used to assess the environmental effects.

A summary of the environmental effects of green projects for year 2020 and cumulative environmental effects by the end of 2020 is shown in the tables below.

Allocated and disbursed loans together with environmental effects by ICMA green categories for projects approved in 2020

ICMA green category	Allocated amount in EUR	Disbursed amount in EUR	Production of energy from renewable energy sources in GJ	Reducing greenhouse gas emissions in t CO ₂	Annual electricity savings in MWh	Annual savings of other energy in GJ	Annual production of energy or fuel from non-recyclable materials/waste in GJ	Increased installed capacity of renewable energy sources in MWh	Annual amount of cleaned waste water in PE	Increase in usage of wood in t
Renewable Energy	34.318	34.318	339	18				0,06		
Energy Efficiency	364.181	364.181		58	24	631				
Sustainable Management of Resources and Waste	2.970.113	2.970.113		5.587			86.500			275
Sustainable Water and Wastewater Management	775.000								2.118	
TOTAL	4.143.612	3.368.612	339	5.664	24	631	86.500	0	2.118	275

Legend: GJ - giga joules, MWh - megawatt hours, t CO₂ - tons of carbon dioxide, t - tons, PE - population equivalent.

Allocated and disbursed loans together with cumulative environmental effects by ICMA green categories for projects approved by the end of 2020

ICMA green category	Allocated amount in EUR	Disbursed amount in EUR	Production of electricity from renewable energy in MWh	Production of energy from renewable energy sources in GJ	Reducing greenhouse gas emissions in t CO ₂	Annual electricity savings in MWh	Annual savings of other energy in GJ	Increasing the amount of recycled products or fuel in t	Annual production of energy or fuel from non-recyclable materials/waste in GJ	Increased installed capacity of renewable energy sources in MWh	Annual amount of cleaned waste water in PE	Increase in usage of wood in t	Increase in passenger km
Renewable Energy	8.810.733	4.207.512	26.377	68.776	18.652					19			
Energy Efficiency	4.944.596	2.711.748			3.073	2.382	32.908						
Sustainable Management of Resources and Waste	9.556.563	6.344.552			13.339			14.011	255.219			275	
Clean Transportation	54.729.953	29.314.733			16.573	1.076	21.841						110.000
Sustainable Water and Wastewater Management	775.000										2.118		
TOTAL	78.816.846	42.578.547	26.377	68.776	51.638	3.458	54.749	14.011	255.219	19	2.118	275	110.000

Legend: MWh - megawatt hours, GJ - giga joules, t CO₂ - tons of carbon dioxide, t - tons, PE - population equivalent, km - kilometers.

All projects financed from the green bond contribute to fulfillment of Sustainable Development Goals which were set in 2015 by the United Nations.