



# SID BANK GREEN BOND - Impact Report for 2019

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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 Principles<sup>1</sup> (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 Framework<sup>2</sup> (hereinafter: the Framework) 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.

<sup>1</sup> 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.

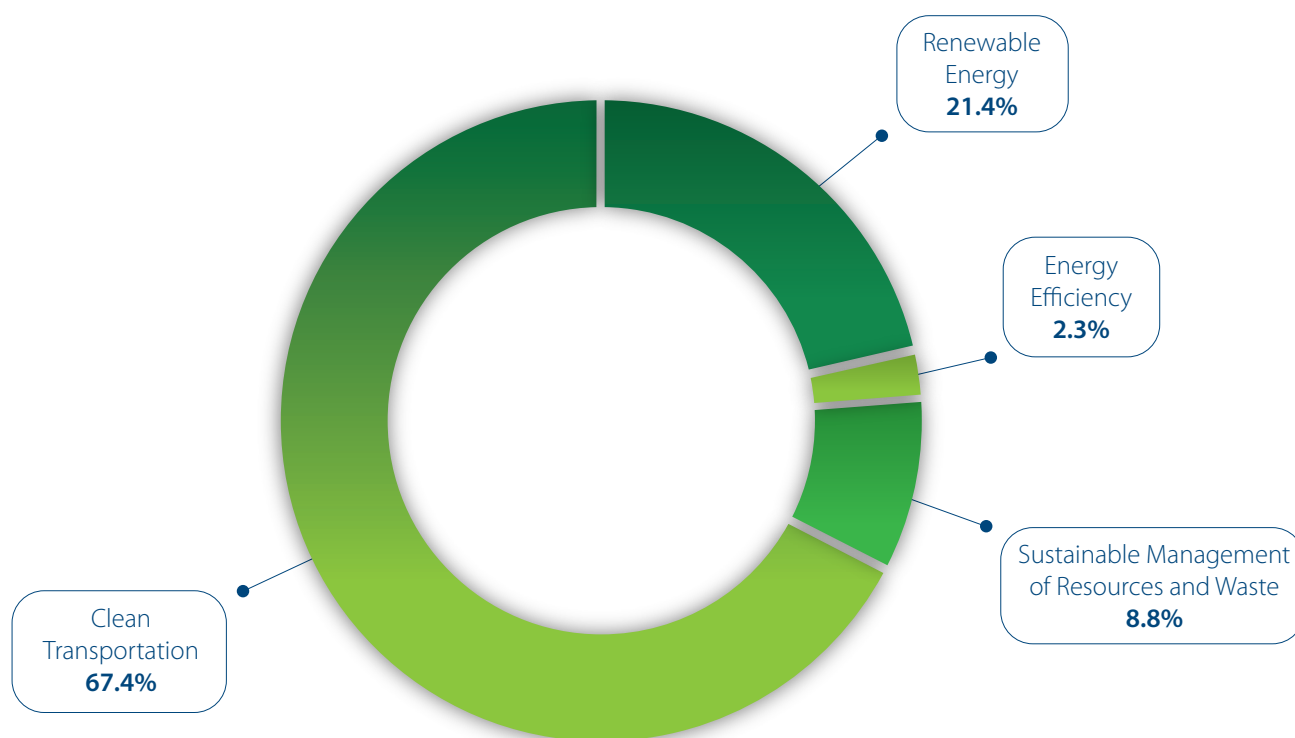
<sup>2</sup> [https://www.sid.si/sites/www.sid.si/files/documents/investitorji/green\\_framework\\_-\\_final\\_english\\_28.11.2018.pdf](https://www.sid.si/sites/www.sid.si/files/documents/investitorji/green_framework_-_final_english_28.11.2018.pdf)

## USE OF GREEN BOND PROCEEDS

In the Green Framework SID Bank obliged itself to report on the allocated amount and the estimated environmental effects<sup>3</sup> 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 2019 as well the projects financed by SID Bank in the last three years before the issuance of the green bond refinanced with funds from the issued green bond.

**On the basis of green bond proceeds SID Bank allocated funds to 10 projects in the total amount of 74.7 million EUR<sup>4</sup> by the end of 2019, of which 39.2 million EUR were disbursed.** The remaining funds will be allocated and disbursed by the end of 2021. The largest share, namely **67.4%** of all funds, has been allocated to green projects in the ICMA Green Category of Clean Transport, **21.4%** of funds for projects in the category of Renewable Energy, **8.8%** in the category of Sustainable Management of Resources and Waste, and **2.3%** in the category of Energy Efficiency.

Structure of Allocated Funds by ICMA Green Categories



<sup>3</sup> 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.

<sup>4</sup> 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.

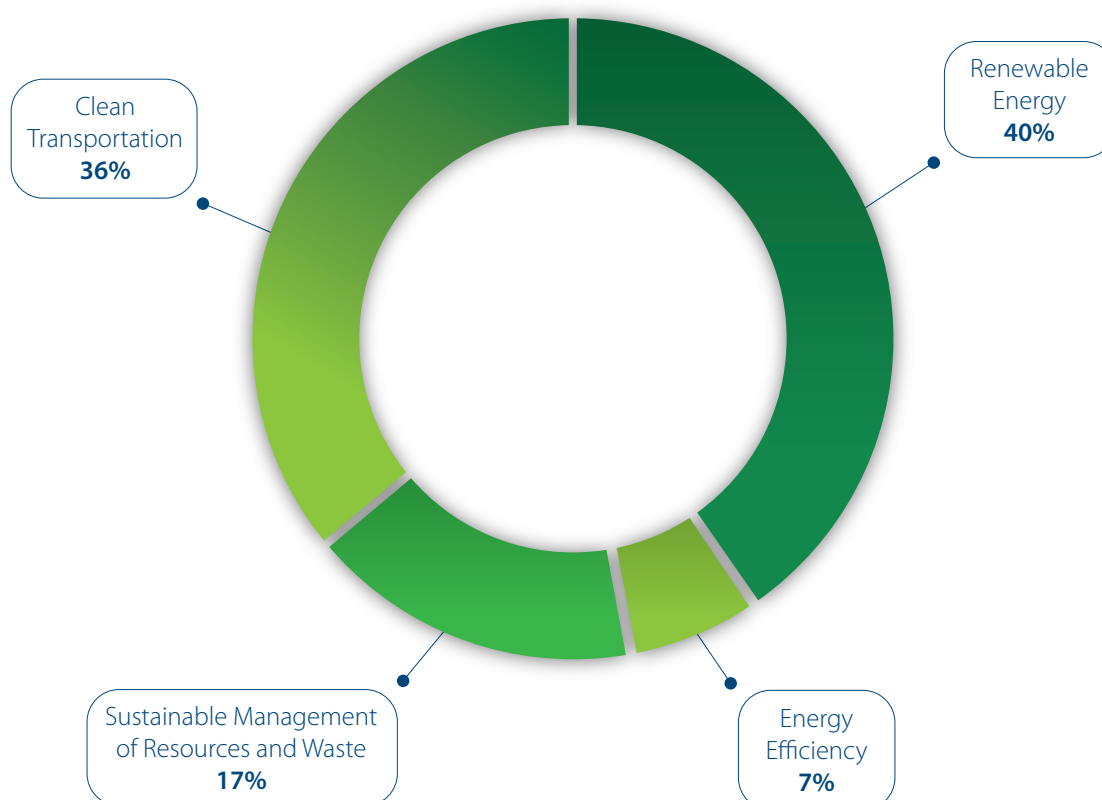
## ESTIMATED ENVIRONMENTAL IMPACTS OF THE PROJECTS FINANCED FROM GREEN BOND<sup>5</sup>

The following estimated environmental effects are achieved annually with one million euros of green bond proceeds:

- Reduction of greenhouse gas emissions by **615 tons CO<sub>2</sub>**,
- Production of electricity from renewable energy sources in the amount of **353 MWh**,
- Production of thermal energy from renewable energy sources in the amount of **916 GJ**,
- Energy savings, other than electricity, of **725 GJ**,
- Production of an additional quantity of recycled products and fuel in the amount of **188 tons**,
- Increase in passenger kilometers from the clean transportation in the amount of **1,473 passenger km**.

More than three quarters of greenhouse gas emissions' reduction relates to projects from categories Renewable Energy and Clean Transportation.

Reduction of Greenhouse Gas Emissions by ICMA Green Categories



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.

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

A summary of the environmental effects of green projects is shown in the tables below, separately for refinanced projects and projects approved in 2019.

### Approved and Disbursed Loans with Environmental Effects by ICMA Green Categories for Refinanced Projects

Refinanced Projects 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 <sub>2</sub>	Annual electricity savings in MWh	Annual savings of other energy in GJ	Increasing the amount of recycled products or fuel in t	Annual energy production from waste in TJ	Increased installed capacity of renewable energy sources in MWh	Increase in passenger km
Renewable Energy	16,002,576	16,002,576	26,377	68,435	18,634					19	
Energy Efficiency	1,385,255	1,385,255			2,133	509	32,271				
Sustainable Management of Resources and Waste	409,750	409,750			336			168			
Clean Transportation	50,319,953	13,898,125			16,573	1,076	21,841				110,000
<b>TOTAL</b>	<b>68,117,534</b>	<b>15,000,000</b>	<b>26,377</b>	<b>68,435</b>	<b>37,676</b>	<b>1,585</b>	<b>54,112</b>	<b>168</b>		<b>19</b>	<b>110,000</b>

\* The total amount of disbursed loans includes disbursed loans allocated before the issue of the green bond, only in the amount of 20% of the issue, i.e. EUR 15 million.  
Legend: MWh - megawatt hours, GJ - giga joules, t CO<sub>2</sub> - tons of carbon dioxide, t - tons, TJ - tera joules, km - kilometers.

### Approved and Disbursed Loans with Environmental Effects by ICMA Green Categories for Projects Approved in 2019

2019 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 <sub>2</sub>	Annual electricity savings in MWh	Annual savings of other energy in GJ	Increasing the amount of recycled products or fuel in t	Annual energy production from waste in TJ	Increased installed capacity of renewable energy sources in MWh	Increase in passenger km
Renewable Energy	9,750	9,750		2						0.003	
Energy Efficiency	369,250	369,250			881	1,848	6				
Sustainable Management of Resources and Waste	6,176,700	3,180,525			7,416			13,843	169		
Clean Transportation		20,650,409									
<b>TOTAL</b>	<b>6,555,700</b>	<b>24,209,935</b>		<b>2</b>	<b>8,298</b>	<b>1,848</b>	<b>6</b>	<b>13,843</b>	<b>169</b>	<b>0.003</b>	

Legend: MWh - megawatt hours, GJ - giga joules, t CO<sub>2</sub> - tons of carbon dioxide, t - tons, TJ - tera joules, 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 and should be achieved by the year 2030.