

Electricity Supply Board

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Introduction

In June 2019, Electricity Supply Board (“ESB” or the “Company”) issued green bonds aimed at financing or refinancing, existing and future projects expected to provide a positive environmental impact, such as mitigating and reducing GHG emissions and generating renewable energy. In July 2020, ESB raised additional funds with the existing bond, through a tap issuance under its green bond programme. In 2022, ESB engaged Sustainalytics to review the projects funded through the issued 2019 green bonds and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the ESB Green Bond Framework¹ (the “Framework”). Sustainalytics provided a second-party opinion on the Framework in May 2019.²

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2019 green bonds based on whether the projects and programmes:

1. Met the use of proceeds and eligibility criteria outlined in the ESB Green Bond Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds criteria in the Framework.

Table 1: Use of Proceeds, Eligibility Criteria and associated KPIs

Use of Proceeds	Eligibility Criteria	KPI Examples
Renewable Energy	<ul style="list-style-type: none"> • Renewable power projects including Wind and Solar. • Power transmission and other technical infrastructure required to connect new sources of renewable power generation to the grid. 	<ul style="list-style-type: none"> • MW of installed or connected renewables. • Expected annual renewable energy generation (MWh) • Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent)
Energy Efficiency	<ul style="list-style-type: none"> • Energy efficiency solutions, including smart metering and other technologies designed to manage/reduce demand. • Upgrade of existing Power transmission infrastructure aiming to improve energy efficiency/reducing transmission losses. • Projects designed to improve the energy efficiency of ESB’s commercial buildings, displace fossil fuel building technology with zero and low carbon alternatives and improve overall building energy performance. Eligible projects will target a 50% reduction in building energy consumption when 	<ul style="list-style-type: none"> • Number of smart meters installed • Number of customers using smart meters (supply) • Annual energy savings (MWh) • Capacity of energy storage facilities installed • Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent) when available • Annual reduction in energy consumption (in kWh)

¹ The ESB Green Bond framework is available at ESB’s website and can be accessed at: https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-bond-framework-2019.pdf?sfvrsn=c6a004f0_0

² Sustainalytics’ Second Party Opinion to ESB’s green bond framework is available at ESB’s website and can be accessed at: https://cdn.esb.ie/media/docs/default-source/investor-relations-documents/esb-green-bond-framework-second-party-opinion.pdf?sfvrsn=7a004f0_0

	compared to pre-project base line performance.	<ul style="list-style-type: none"> Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent)
Clean Transportation	<ul style="list-style-type: none"> Infrastructure which facilitates increased penetration of electric vehicles into market. Electric Vehicles 	<ul style="list-style-type: none"> Number of electric vehicles charging points installed or upgraded Number of electric vehicles in ESB Fleet
Green Buildings	<p>Buildings which are certified under recognised sustainable building certification schemes and that have obtained the following Green certifications (or equivalent):</p> <ul style="list-style-type: none"> LEED: (Gold and above) BREEAM: (Very Good and above) 	<ul style="list-style-type: none"> Certification e.g. BREAM rating Annual energy savings (MWh) Estimated annual GHG emissions reduced/avoided (in tonnes of CO₂ equivalent)

Issuing Entity’s Responsibility

ESB is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of ESB’s green bond use of proceeds. The work undertaken as part of this engagement included collection of documentation from ESB employees and review of documentation to verify conformance with the ESB Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by ESB with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by ESB.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects are not in conformance with the use of proceeds and reporting criteria outlined in the ESB Green Bond Framework. ESB has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of July 2020.

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green bond in 2019 to determine if projects aligned with the use of proceeds criteria outlined in the ESB Green Bond Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green bond in 2019 to determine if impact of projects was reported in line with the KPIs outlined in the ESB Green Bond Framework and above in Table 1. For a list of KPIs reported, please refer to Appendix 1.	All projects reviewed reported on at least one KPI per use of proceeds criteria.	None

Appendix

Appendix 1: Proceeds Allocation and Impact Reporting by Eligibility Criteria

ESB issued EUR 500m on 4 Jun 2019 and issued an additional tap issuance of EUR 200m on 15 July 2020. The total amount raised under ESB's green bond programme amounts to EUR 698.0 m. Of the total amount raised, EUR 210.7m was allocated to the refinancing of projects while the rest was allocated to financing of new projects. The table below provides the project-wise allocation.

Table 3: Proceeds allocated category wise

Use of Proceeds Category	Allocated Amount (EUR m)
Renewable Energy	581
Energy Efficiency	50
Clean Transportation	6.2
Green Buildings	60.8
Total	698.0

Table 4: Project-wise allocation of proceeds and impact reported

Use of Proceeds Category	Projects	Net Bond Proceeds Allocation (EUR m)	Metric for reporting Environmental Impact	Environmental Impact Reported by Eligibility Criteria
Renewable Energy	Near na Gaoithe Wind Farm (Offshore) Capacity: 224 MW	223.2	Tonnes of carbon dioxide equivalent avoided (tCO ₂ e) ⁴	136,187
	Galloper Wind Farm (Offshore) Capacity: 44 MW	130.9		37,893
	Grousemount Wind Farm (Offshore) ⁵ Capacity: 123 MW	154.7		68,651
	Cappawhite Wind Farm Capacity: 57 MW	16.2		9,617
	Castlepook Wind Farm ⁵ Capacity: 35 MW	56.0		21,765

⁴ The impact for the tCO₂e is calculated for FY 2021

⁵ The windfarm projects Castlepook and Grousemount were refinanced projects.

Energy Efficiency	Smart Meter Roll-Out	50.0	Number of smart meters installed	> 620,000
Clean Transportation	Electric Vehicles	6.2	Number of Fast Chargers and AC Chargers installed over period of spend	138 Fast Chargers and 118 AC Chargers
Green Buildings	Project Fitzwilliam – ESB’s Head Office Redevelopment	60.8	Green Building certification	BREEAM Excellent

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