

Electricity Supply Board

Type of Engagement: Annual Review

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Engagement Team:

Zach Margolis, zach.margolis@sustainalytics.com, (+1) 647 695 4341

Taylor Whitfield, taylor.whitfield@morningstar.com, (+1) 416 861 0403

Introduction

In 2019, Electricity Supply Board (“ESB” or “the Company”) issued green bonds aimed at financing green projects including on- and off-shore wind power generation capacity, electric vehicle charging infrastructure, and energy efficient building retrofits. In July 2020, ESB raised additional funds under its green bond programme. In 2021, ESB engaged Sustainalytics to review the projects funded through the issued 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 Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded between 2019 and 2021 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 of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the ESB Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

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

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
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 compared to pre-project base line performance. 	<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) • 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. 	<ul style="list-style-type: none"> • Number of electric vehicles charging points installed or upgraded

	<ul style="list-style-type: none"> • Electric Vehicles 	<ul style="list-style-type: none"> • 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”] • BREEAM: [≥ “Very Good”] 	<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 confirm the 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,¹ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of ESB’s Green Bond, 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 March 31, 2021.

¹ 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 and 2020 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 and 2020 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 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendices

Appendix 1: Proceeds Allocation Based on Eligibility Criteria

The total amount raised under ESB’s green bond programme amounts to EUR 698.0 mn, with EUR 498.5 mn raised during the initial issuance in 2019 and an additional EUR 199.5 mn raised in July 2020. All proceeds were fully allocated as of 31 March 2021.

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

Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria
Renewable Energy	<p>Five wind projects received financing from the green bonds, leading to the following impact metrics:</p> <ul style="list-style-type: none"> • Installed capacity from 2017-2021 is reported as 386 MW. • Expected annual generation is reported as 1,377,586 MWh (estimated annual generation is used in the case of those projects under construction, 2020 actual generation is used in the case of operational windfarms). • Estimated annual GHG emissions reduced/avoided (in tonnes of CO2 equivalent) is reported as 295,971.
Energy Efficiency	<ul style="list-style-type: none"> • Green bond proceeds were allocated to a programme that installed 239,000 smart meters across ESB’s electricity distribution network.²
Clean Transportation	<ul style="list-style-type: none"> • 138 Fast Chargers and 118 AC Chargers Installed over the period July 2017 to December 2019, the initial Green Bond allocation period.
Green Buildings	<ul style="list-style-type: none"> • Design and construction of ESB’s Head Office in line with “BREEAM Excellent” Certified Building Standards.

² Green bond allocations represented only a share of the total programme cost. See Appendix 1 for the amount allocated to this category.

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