

Second-Party Opinion

First Investment Bank AD

Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the First Investment Bank AD Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles 2021 and Green Loan Principles 2023. Sustainalytics considers that investments in the eligible categories are expected to deliver positive environmental impacts, and advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 9, 11, 12, 13, 14 and 15.



PROJECT EVALUATION AND SELECTION Fibank's Credit Council will be responsible for evaluating and selecting eligible projects that are in line with the eligibility criteria. First Investment Bank has in place internal risk functions and procedures that incorporate ESG factors and associated risks for all allocation decisions. Sustainalytics considers these risk management systems to be adequate, and the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Fibank's Credit Council will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using an internal eligible projects portfolio. Fibank intends to allocate all proceeds to eligible assets within 24 months of issuance and pending allocation, proceeds may be temporarily held in money market instruments, cash or cash equivalents. Sustainalytics considers this process to be in line with market practice.



REPORTING Fibank's commits to report on the allocation of proceeds and corresponding impact in its allocation and impact report which will be published on its website on an annual basis until full allocation. Allocation reporting will include information such as the amount of net proceeds outstanding, the amount of proceeds allocated to eligible projects, and the balance of unallocated proceeds. Where feasible, Fibank shall also disclose the net proceeds allocated per use of proceeds category, the geographical distribution and the balance of unallocated proceeds. In addition, Fibank is committed to reporting on relevant impact metrics. Sustainalytics views Fibank's allocation and impact reporting as aligned with market practice.

Evaluation date August 24, 2023²

Issuer Location Sofia, Bulgaria

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¹ Green Buildings; Renewable Energy; Energy Efficiency; Clean Transportation; Agriculture and Forestry; Pollution Prevention and Control; Eco-efficient and Circular Economy Adapted Products, Production Technologies and Processes; Sustainable Water and Wastewater Management; Terrestrial and Aquatic Biodiversity; and Climate Change Adaptation.

² This document is an update to a Second-Party Opinion, originally provided on July 12, 2023, to reflect a minor change in the Framework under the Project Evaluation and Selection section.

Introduction

First Investment Bank AD (“Fibank” or the “Bank”) is a corporate, retail and investment bank headquartered in Sofia, Bulgaria. Established in 1993, the Bank provides a range of comprehensive financial services, including banking and insurance to individuals and companies. As of 31 December 2022, the Bank has a total count of 2,415 employees and offers its services through a network of 140 branches and offices operating in Bulgaria, Cyprus and Albania.

Fibank has developed the First Investment Bank AD Green Finance Framework dated July 2023 (the “Framework”) under which it intends to issue green finance instruments, including green bonds and loans. The Bank intends to use the proceeds to provide mortgage loans, investment loans and project finance to finance or refinance, in whole or in part, existing or future projects aimed at supporting Albania and Bulgaria’s transition to an environmentally sustainable economy. The Framework defines eligibility criteria in 10 green categories:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Agriculture and Forestry
6. Pollution Prevention and Control
7. Eco-efficient and Circular Economy Adapted Products, Production Technologies and Processes
8. Sustainable Water and Wastewater Management
9. Terrestrial and Aquatic Biodiversity
10. Climate Change Adaptation

First Investment Bank engaged Sustainalytics to review the First Investment Bank AD Green Finance Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)³ and Green Loan Principles 2023 (GLP).⁴ The Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14 which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Fibank’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Fibank representatives have confirmed that: (1) they understand it is the sole responsibility of Fibank to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant

³ The Green Bond Principles are administered by the International Capital Market Association and are available at:

<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/and/>

⁴ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#>

⁵ The First Investment Bank AD Green Finance Framework is available at: <https://www.fibank.bg/en/investors>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Fibank.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Fibank is encouraged to update the Framework after 24 (twenty-four) months from the evaluation date, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Fibank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the First Investment Bank AD Green Finance Framework

Sustainalytics is of the opinion that the First Investment Bank AD Green Finance Framework is credible, impactful and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – i) Green Buildings, ii) Renewable Energy, iii) Energy Efficiency, iv) Clean Transportation, v) Agriculture and Forestry, vi) Pollution Prevention and Control, vii) Eco-efficient and Circular Economy Adapted Products, viii) Production Technologies and Processes, ix) Sustainable Water and Wastewater Management, x) Terrestrial and Aquatic Biodiversity, and xi) Climate Change Adaptation – are aligned with those recognized by the GBP and GLP. Sustainalytics considers that the eligible projects are expected to contribute to the decarbonization of Fibank's investment portfolio and deliver positive environmental impact in the EU, particularly in Albania and Bulgaria.
 - Fibank has defined a look-back period of three years for the refinancing of expenditures under the Framework, which Sustainalytics considers to be in line with market practice.
 - Under the Framework, Fibank intends to allocate the proceeds to general purpose financing and equity investments.⁷ In such cases, the Bank is committed to allocating the proceeds only to loans for, or equity investments in, pure play companies that generate 90% or more of its revenue from eligible activities set in the Framework.⁸ Sustainalytics recognizes that the GBP and GLP favour project-based financing, which provides more transparency than non-project-based financing in general. Nevertheless, Sustainalytics recognizes that the financing of pure play companies through green bonds and loans is commonly accepted as an approach which can generate positive environmental impacts.

⁷ General purpose financing will be provided to pure play companies in form of revolving credit facilities.

⁸ The Framework excludes companies linked to defence and weapons, nuclear energy, fossil fuel energy, investments related to pure internal combustion engines, large hydropower projects (above 20 MW), mining, alcohol, tobacco and gambling.

- Under the Green Buildings category, Fibank may finance or refinance the construction, maintenance, renovation, acquisition and ownership of residential, commercial and retail buildings according to the following criteria:
 - Buildings that have achieved or are expected to achieve one of the following minimum certification⁹ levels: i) LEED Gold;¹⁰ ii) BREEAM Excellent;¹¹ iii) DGNB or ÖGNI Gold;¹² or iv) EDGE Basic.¹³ Sustainalytics views these certification schemes as robust and credible.
 - Buildings that belong to the top 15% of the national building stock based on primary energy demand (PED) or that receive an energy performance certificate (EPC) rating of A where assessment of the top 15% energy-efficient buildings in a national building stock is not feasible. Sustainalytics considers these investments as aligned with market practice.¹⁴
 - Renovation of existing buildings that results in at least a 30% reduction in net PED or carbon emissions compared to pre-renovation levels.
 - Additionally, Sustainalytics notes that the Framework excludes financing towards buildings that are used for the purpose of storage, extraction or manufacturing of fossil fuel.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Renewable Energy category, the Bank may finance or refinance the purchase, acquisition, development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy generation projects related to wind, solar, hydropower, geothermal, biomass and hydrogen in accordance with the following criteria:
 - The Framework limits financing to concentrated solar power and solar thermal plants where at least 85% of the electricity is generated from solar energy sources.
 - Hydropower projects without an artificial reservoir or with a low storage capacity according to the following criteria:
 - i) For facilities that became operational after the end of 2019, those with a power density greater than 10 W/m² or a life cycle carbon intensity below 50 gCO₂e/kWh;
 - ii) For facilities that became operational before the end of 2019, those with a power density greater than 5 W/m² or a life cycle carbon intensity below 100 gCO₂e/kWh.
 - Fibank has confirmed to Sustainalytics that for all new hydropower projects, an environmental and social impact assessment will be carried out by a credible external body. Additionally, Fibank has confirmed to Sustainalytics that: i) the Bank will ensure that there is no significant risk or expected negative impact identified in an environmental impact assessment; and ii) there will be no investments in projects with significant controversies.
 - Geothermal projects where the life cycle GHG emissions from the generation of electricity are lower than 100 gCO₂e/kWh.
 - For waste-to-energy projects, the Bank has confirmed that the biomass will be sourced from waste biomass and non-waste feedstock.
 - Waste biomass will include forestry and agriculture residues, such as wood chips, sawdust, wheat straw, oat straw, barley straw, cane trash, sugarcane bagasse, corn cobs and husks, palm kernel shells or palm oil mill effluent (POME), from RSB- or RSPO-certified palm oil operations;
 - Non-waste feedstock will include non-food crop, wastes, residues and by-products, including energy crops (corn, sugar beet, wheat, oats, barley, rapeseed, soybean, sunflowers, soybean oil, sugarcane) and wood pellets. In

⁹ In case of a denied certification or an insufficient final certification, the loan will be excluded.

¹⁰ LEED: <https://www.usgbc.org/leed>

¹¹ BREEAM: <https://bregroup.com/products/breeam/>

¹² DGNB: <https://www.dgnb.de/en/index.php>

¹³ EDGE: <https://edgebuildings.com/certify/certification/>

¹⁴ The assessment to identify the top 15% of buildings will be based on local building codes, building years and Energy Performance Certificates (EPC).

addition, the Bank may finance research and development (R&D) for algae biofuel production.

- Sustainalytics notes that for projects on electricity generation from bioenergy, financing will be limited to facilities where the life cycle GHG emissions intensity is lower than 100 gCO₂e/kWh, or will result in life cycle emissions reduction of more than 80% compared to the fossil fuel baseline.¹⁵
 - Financing for biofuel production from bioenergy will be limited to installations whose life cycle GHG emissions are at least 65% lower than the fossil fuel baseline. In addition, Fibank will ensure that non-waste feedstocks are sustainably sourced using credible third-party certifications, such as Roundtable for Sustainable Biomaterials, ISCC EU, Round Table on Responsible Soy and Better Biomass.
 - Fibank has confirmed that feedstock sourced for projects financed under the Framework will meet the following criteria:
 - Production will not take place on land with high biodiversity (at least within last 10-15 years);
 - Feedstock will not compete with food sources;
 - Feedstock will not deplete carbon pools;
 - In the case of R&D expenditures related to biofuels from algae, the Bank will limit the allocation of proceeds to algae cultivated on land in ponds or photobioreactors.
 - The Bank has confirmed that: i) the financing of peat is excluded; and ii) it will ensure that only up to 10% feedstock are sourced from non-certified oil and energy crops.
- Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Energy Efficiency category, Fibank may finance or refinance the development, implementation, maintenance and repair of energy-efficient products and technologies, which may include:
- Projects that achieve at least a 30% energy efficiency improvement in industrial production processes. Project examples include the purchase of energy-efficient products such as thermostatic control of heating and cooling with smart thermostats, energy-efficient cloud storage technology, LEDs, smart lighting solutions and sensor technology. Sustainalytics notes that the Framework excludes the financing of fossil fuel-powered equipment and energy efficiency improvements in carbon-intensive and heavy industries.
 - Energy storage projects, such as fuel cells. The Bank has confirmed that energy storage projects financed under the Framework will be connected to renewables.
 - Smart grid solutions intended for more efficient transmission and distribution of energy and monitoring of energy consumption. Additionally, Fibank has confirmed that it will exclude the financing of transmission lines that are directly connected to fossil fuel power plants.
 - Replacement of energy intensive networks with fibre-optic networks. The Bank has confirmed that network upgrades financed under the Framework will be supported by a study or evidence that supports such upgrades.
 - Construction, renovation or refurbishment of electricity grids. The Bank has confirmed that the electrical grid will be dedicated to connecting renewables to the power grid and will support or integrate at least 90% renewable electricity. Additionally, if less than 90% of the electricity transmitted on the grid is from renewables, the Bank will use a pro-rata approach to determine the green allocation to grid development or maintenance, or meet one of the following criteria specified in the EU Taxonomy Delegated Act:

¹⁵ Fossil fuel baseline for electricity generation is 183 gCO₂e/MJ.

- a) more than 67% of newly enabled generation installed capacity in the system is below the emissions threshold of 100 gCO₂e/kWh, measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;
- b) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO₂e/kWh, measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period.
- Fibank has also confirmed the exclusion of new transmission and distribution infrastructure dedicated to connecting new fossil power plants or new nuclear power plants.
- For projects related to the construction, renovation or refurbishment of electricity grids, Fibank aims to achieve a minimum of 15% energy efficiency gain compared to the pre-retrofit performance.
- Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Clean Transportation category, the Bank may finance or refinance loans for the: i) manufacturing, acquisition and modernization of zero direct emissions vehicles; ii) development, manufacturing or purchase of components; and iii) the development, acquisition, operation, maintenance and upgrade of associated infrastructure, in accordance with the following criteria:
 - Zero direct emissions vehicles, including passenger and freight transport vehicles, electric cars, hydrogen fuel cars and electric or hydrogen trains. Fibank will exclude vehicles dedicated to fossil fuel freight.
 - Low-carbon passenger vehicles with a tailpipe emissions intensity threshold of 50 gCO₂/km until December 2025 and 0 gCO₂/km from January 2026. The emissions intensity will be calculated based on the World Harmonized Light-duty Vehicle Test Procedure (WLTP), which uses real-driving data to replicate actual driving conditions.
 - Infrastructure for zero direct emissions passenger and freight transport vehicles, such as charging stations for electric vehicles, electric buses infrastructure and bicycle paths, expansion of rail train and metro networks to improve capacity and upgrading stations.
 - The Bank will limit financing to manufacturing parts that are exclusively destined for vehicles financed under this category.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Agriculture and Forestry category, Fibank may finance or refinance the following projects:
 - Sustainable forestry projects, such as afforestation, reforestation and the preservation of natural landscape, including the development and restoration of parks and green areas, planting trees in areas with no tree cover and converting unused land or degraded land into forested lands and parks. Such projects must be certified under the Forest Stewardship Council (FSC)¹⁶ or Programme for the Endorsement of Forest Certification (PEFC).¹⁷ Sustainalytics views these certification schemes as robust and credible. Sustainalytics notes that plant and tree species used for afforestation or reforestation will be native or well adapted to local conditions.
 - Sustainable agricultural activities certified by EU Organic or other certifications that are recognized as being equivalent to EU Organic or national certification schemes demonstrating equivalent performance¹⁸ or where the borrower has applied for the

¹⁶ FSC, at: <https://anz.fsc.org/>

¹⁷ PEFC, at: <https://pefc.org/for-business/supply-chain-companies/certify-your-construction-project>

¹⁸ Based on the approval by control bodies and authorities for equivalency and in compliance with EEC No. 834/2007 which was replaced in Jan 2022 by Regulation (EU) 2018/848.

- certification.¹⁹ Sustainalytics notes that it is market expectation to specify all eligible certification schemes and standards and encourages the Bank to report on any other certification schemes and standards they intend to include.
- Additionally, the Bank may finance activities that support the adoption, promotion and implementation of conservation agriculture practices, such as those described as Conservation Agriculture by the Food and Agriculture Organization of the United Nations (FAO), such as minimum or zero tillage, or crop rotation.^{20,21} Furthermore, the Bank will exclude livestock farming and projects constructed on land with high biodiversity or protected land.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Pollution Prevention and Control category, Fibank may finance or refinance the development, construction, operation and maintenance of waste management, sorting and recycling facilities, activities and operations according to the following criteria:
- Waste prevention, reduction and recycling projects, including the development, operation and upgrade of recycling plants and associated activities for metals, plastic and paper. Sustainalytics notes that: i) chemical recycling of plastics will not be financed under the Framework; ii) the recycling of electronic waste will be accompanied by a robust waste management plan to mitigate associated risks; iii) segregation of waste will be carried out at source before waste collection; and iv) only zero direct emissions waste collection vehicles will be financed.
 - Industrial air emissions reduction and GHG control projects that either lead to at least a 20% reduction in carbon emissions or serve as a replacement to fossil fuels. This may include air filters, electrostatic precipitators, air purification systems, oxidizers, emission control systems, digital solutions for air emissions, new technologies for production processes such as new kiln technology for bricks, equipment powered by biogas, and high efficiency filtration systems. The Bank has confirmed that projects intended for fossil fuel operations and any measures related to fossil fuel-powered technologies, assets or equipment will not be financed under the Framework.
- Under the Eco-efficient Circular Economy Adapted Products, Production Technologies and Processes category, Fibank may finance or refinance the design of eco-efficient products and production activities that increase resource efficiency. These activities may include:
- Projects that extend the life cycle of products. This may include product reuse, repair, refurbishment and regeneration; integration of modular design or design for disassembly; and incorporation of take-back schemes or reverse logistics.
 - The production or procurement of alternative raw materials, such as recycled and recyclable materials, and materials of biological origin. The Bank has confirmed that the production of bio-based materials will be limited to those certified under the Roundtable on Sustainable Biomaterials.²²
 - Projects limiting the use of plastic packaging and single-use plastic products by adopting alternative reusable packaging products.
 - Technologies that enable repeated use, increased durability, repair and modernization, and improved recycling opportunities for products.
 - Production technologies that use recycled resources, such as bio-based materials, for example, in the construction sector. The Bank has confirmed that the production of bio-based materials will be limited to those certified under the Roundtable on Sustainable Biomaterials. The Bank further confirmed the exclusion of bio-based plastics as an input in the financed production technologies and processes.

¹⁹ In case of a denied certification or a not sufficient final certification the loan will be excluded.

²⁰ Food and Agriculture Organization of the United Nations (FAO), "Conservation Agriculture", at: <http://www.fao.org/conservation-agriculture/en/>

²¹ Based on the approval by control bodies and authorities for equivalency and in compliance with EEC No. 834/2007 which was replaced in Jan 2022 by Regulation (EU) 2018/848.

²² Roundtable on Sustainable Biomaterials, "Why Choose RSB", at: <https://rsb.org/why-choose-rsb/>.

- Sustainalytics considers investments under this category to be in line with market practice.
- Under the Sustainable Water and Wastewater Management category, Fibank may finance or refinance the development, construction, operation and maintenance of the following sustainable water and wastewater management projects and facilities:
 - Water collection, treatment and supply systems that lead to energy efficiency improvements by decreasing the net average energy consumption or improving the average leakage by at least 20% compared to the baseline performance averaged over three years. Water collection infrastructure financed may include weirs, sand dams, aquifer storage, stormflow management systems and rainwater harvesting systems. Additionally, water supply infrastructure financed under the Framework may include pumping stations and drains, gravity-fed canal systems, and high-efficiency drip, flood or pivot irrigation systems.
 - Wastewater collection and treatment systems such as pumping stations, force mains, collectors, sewer systems, collecting systems, sanitary sewers, filtration systems, water treatment to recover phosphorus, osmosis, tertiary treatment, modern treatment centers, and desalination plants and technologies that facilitate recycling and reuse of water such as greywater recycling systems. The Bank has confirmed that:
 - the wastewater treatment facilities financed under the Framework will be powered by low-carbon sources, such as renewables;
 - the treatment of wastewater from fossil fuel operations (such as produced water from fracking) will not be financed;
 - desalination plants financed under the Framework will have in place an appropriate waste management programme for the disposal of brine. The Bank confirmed that desalination plants will be powered by renewables or electricity below 100gCO₂e/kWh.
 - Technologies that increase water-use efficiency, such as water metering; water saving systems, such as irrigation controllers; rain sensors, soil moisture sensors, water-management systems for irrigation, water recycling and water reuse. The Bank has confirmed that technologies financed will not be dependent on fossil fuels.
 - Flood mitigation infrastructure projects supported by a vulnerability assessment to identify potential climate risks and an adaptation plan to address the risks identified by the vulnerability assessment.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Terrestrial and Aquatic Biodiversity, Fibank may finance or refinance projects aimed at the conservation and sustainable use of biological diversity, and the fair and equitable use of genetic resources. Eligible expenditures under this category include the conservation and sustainable use of natural habitats and landscapes, such as marshes, creeks and coastal ecosystems, conservation and sustainable use of biological resources, and restoration of wetlands and peatlands.
 - The projects intended to be financed under the category include preservation or conservation of biological diversity including natural habitats and landscapes, such as marshes, creeks, coastal and terrestrial ecosystems, and watersheds. Additionally, expenditures may also involve landscape conservation or restoration, including forest conservation and restoration measures in line with Reducing Emissions from Deforestation and Forest Degradation (REDD).²³ Such activities will: i) use tree species well adapted to the site condition; and ii) have a sustainable management plan in place certified by FSC or PEFC.
 - The Bank has confirmed the exclusion from financing genetically modified organisms and invasive species under the Framework

²³ UNFCCC, "What is REDD+?", at: <https://unfccc.int/topics/land-use/workstreams/redd/what-isredd#:~:text=REDD%2B%20is%20a%20framework%20created,carbon%20stocks%20in%20developing%20countries>

- Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Climate Adaptation category, Fibank may finance or refinance the following projects:
 - Projects and infrastructure systems to protect from extreme weather events, including: anti-flood constructions, such as flood barriers; infrastructural reinforcements of bridges and buildings; preserving and protecting water sources, such as rivers and lakes; weather monitoring devices and sensors; and training emergency response teams.
 - Adaptive solutions that enhance resilience to expected changes in climate, such as fireproof roofs to prevent the spread of wildfires. The Bank may also finance climate change monitoring systems, including early warning systems.
 - The Bank has confirmed that climate adaptation projects will be supported by vulnerability assessment to identify potential climate risks and adaptation plans to address the risks identified by the vulnerability assessment.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Project Evaluation and Selection:
 - Fibank’s Credit Council will be responsible for evaluating and selecting eligible projects in line with the Framework’s eligibility criteria.
 - Fibank has in place internal risk functions and procedures that incorporate ESG factors to all allocation decisions made under the Framework. The bank considers ESG risks as key factors for credit decision-making, and these are considered within the underwriting process. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.
 - Based on the cross-functional oversight for project selection and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Fibank’s Finance Department will be responsible for the management of proceeds and will track the allocation of proceeds using an internal eligible projects portfolio.
 - The Bank intends to allocate all proceeds to eligible assets within 24 months of issuance. Pending allocation, proceeds will be temporarily held in cash, cash equivalents or other liquid instruments in alignment with Fibank’s treasury management policies.
 - Instruments issued under the Framework may include multi-tranche loan facilities whose proceeds will be directed towards eligible green projects and investments.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Fibank intends to report on the allocation of proceeds and corresponding impact in its allocation and impact report, which will be published on its website on an annual basis until full allocation.
 - The Bank may align its allocation and impact reporting with the ICMA Harmonised Framework for Impact Reporting Handbook²⁴ on a best-effort basis.
 - Allocation reporting will include information such as the amount of net proceeds outstanding, the amount of proceeds allocated to eligible projects and the balance of unallocated proceeds. Where feasible, Fibank shall also disclose the net proceeds allocated per use of proceeds category, the geographical distribution and the balance of unallocated proceeds.
 - Impact reporting may include key performance indicators, such as estimated annual GHG emissions avoided (in tCO₂e), annual energy savings (in MWh), number of EV charging stations installed, and type and amount of recycled waste (in tonnes).
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

²⁴ ICMA, “Harmonised Framework for Impact Reporting”, (2022), at: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022v2-020822.pdf

Alignment with Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the First Investment Bank AD Green Finance Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Fibank

Contribution to Fibank's sustainability strategy

Sustainalytics is of the opinion that the Framework is aligned with Fibank's aim to integrate sustainable development in its business strategy by focusing on: i) green lending; ii) investing in sustainable development; and iii) reducing its carbon footprint.²⁵

In 2023, the Bank developed a three-year roadmap to address environmental, social and governance risks on its business strategy, risk management and governance processes. Fibank aims to be carbon neutral by 2050, by implementing energy efficiency measures and renewable energy procurement, but also by using carbon offset projects and adding EUR 500 million to its green financing portfolio between 2023 and 2025.²⁶

In 2022, Fibank adapted its system for processing credit transactions to include lending requirements set by Regulation (EU) 2020/852. The Bank also includes information on potential physical and transitional risks related to climate change and avoids exposure to lending aimed at high carbon intensity activities, as per Delegated Regulation (EU) 2020/1818. At the end of 2022, Fibank's securities investment portfolio included EUR 25 million worth of bonds backed by projects evaluated as "green" by the Bank or by loans for GHG mitigation.²⁷

Fibank offers sustainable financing products, such as: i) the Green Energy – Free Market Investment Loan, for companies to invest in or refinance the construction or acquisition of photovoltaic installations to produce energy to be sold on the open market;²⁸ ii) the Green Transport Investment Loan, for businesses to purchase new electric or hybrid vehicles;²⁹ iii) the Green Energy – Own Consumption Investment Loan, for the construction of photovoltaic installations for the production of electricity for own consumption and sale;³⁰ and iv) a Sustainable Future mortgage loan for businesses and individuals that intend to acquire real estate with an EPC rated A+, A or B. In 2022, the sustainable financing products provided approximately EUR 26 million in financing.³¹

Additionally, Fibank reduced its own electricity consumption by 17% in 2022 and by an average of 7% between 2020 and 2022. Paper consumption also decreased by 3% and 6% respectively, as the Bank completes the digitization of its operations.³²

Sustainalytics is of the opinion that the Framework is aligned with Fibank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities. Nevertheless, Sustainalytics encourages the Bank to set quantitative, time-bound targets of its own and transparently report on its progress towards those targets.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include land use and biodiversity issues, occupational health and safety, business ethics and community relations. While the Bank plays a limited role in the development of the specific projects that it finances, by offering lending and financial services, it is exposed to risks associated with the companies or projects that it may finance.

²⁵ Fibank, "Annual Report 2022", at: https://www.fibank.bg/web/files/richeditor/documents/AnnualReport%202022_EN.pdf

²⁶ Fibank has communicated this information to Sustainalytics on a confidential basis.

²⁷ Fibank, "Annual Report 2022", at: https://www.fibank.bg/web/files/richeditor/documents/AnnualReport%202022_EN.pdf

²⁸ Fibank, "Green Energy - Free Market Investment Loan", at: <https://www.fibank.bg/en/business/loans/financing-of-small-and-medium-business/green-energy-free-market-investment-loan>

²⁹ Fibank, "Green Transport Investment Loan", at: <https://www.fibank.bg/en/business/loans/financing-of-small-and-medium-business/green-transport-investment-loan>

³⁰ Fibank, "Green Energy - Own Consumption investment loan", at: <https://www.fibank.bg/en/business/loans/financing-of-small-and-medium-business/green-energy-own-consumption-investment-loan>

³¹ Fibank, "Annual Report 2022", at: https://www.fibank.bg/web/files/richeditor/documents/AnnualReport%202022_EN.pdf

³² Ibid.

Sustainalytics is of the opinion that Fibank is able to manage or mitigate potential risks by implementing the following:

- Fibank has in place a Code of Conduct and whistleblowing policy establishing basic principles, ethical norms and corporate values.³³ Additionally, a corporate governance code defines the Bank's governance mechanisms and responsibilities of the principal bodies and functions, following the Bulgarian National Corporate Governance Code, the Basel Committee corporate governance principles for banks,³⁴ and the OECD Principles of Corporate Governance.³⁵
- To limit money laundering, Fibank follows Bulgarian legislation, which requires the Bank to implement measures to prevent money laundering and terrorist financing, including cooperating with other organizations and government bodies in the implementation of these measures. Fibank's Know Your Client and Disclosure policies assist in managing risks related to illegal operations and increasing transparency.^{36,37,38}
- Fibank has developed a Climate-Related and Environmental Risks Management Policy which integrates environmental considerations into the Bank's risk management and decision-making processes. The policy highlights a four-step procedure to manage climate-related and environmental risks: i) risk identification; ii) climate-related and environmental risk assessment and quantification; iii) environmental risk monitoring and reporting; and iv) environmental risk mitigation.³⁹
- To address human rights risks, Fibank follows Bulgarian and Albanian human rights and labour laws, and those addressing environmental protection and corruption in the Bank's internal processes and activities. Fibank has a Policy for Reporting and Managing Illegal and Unethical Actions and an internal procedure for handling complaints, resolving disputes and determining compensation.
- Fibank has confirmed that the financed activities will comply with applicable environmental legislation and regulations, such as environmental impact assessments required in Bulgaria's Environmental Protection Act⁴⁰ and Albania's Law No. 8934 on environmental protection.⁴¹
- Fibank adheres to the Bulgarian Health and Safety at Work Act which establishes requirements for employers to have measures to protect and improve the occupational health and safety of workers.⁴²

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Fibank has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with the eligible categories

Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on one below where the impact is specifically relevant in the local context.

Importance of financing green buildings in Albania and Bulgaria

In Albania, the building sector is the second largest energy consuming sector, having accounted for 38.97% of total annual electricity consumption in the country in 2020.^{43,44} Since Albania never implemented its Energy

³³ Ibid.

³⁴ Bank for International Settlements, "Corporate governance principles for banks", (2015), at: <https://www.bis.org/bcbs/publ/d328.pdf>

³⁵ OECD, "Recommendation of the Council on Principles of Corporate Governance", at: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0413>

³⁶ Fibank, "Annual Report 2022", at: https://www.fibank.bg/web/files/richeditor/documents/AnnualReport%202022_EN.pdf

³⁷ Fibank, "Measures against money laundering", at: <https://www.fibank.bg/en/about-us/corporate-governance/compliance/measures-against-money-laundering>

³⁸ Fibank, "Disclosure Policy of First Investment Bank AD", at: https://www.fibank.bg/web/files/documents/65/files/Disclosure%20Policy_22.02.2023_clean_EN.pdf

³⁹ Fibank, "Climate-Related and Environmental Risks Management Policy", shared confidentially.

⁴⁰ Government of Bulgaria, "Legislation", at: <https://www.moew.government.bg/en/prevention/legislation/>

⁴¹ UN Environment Programme, "Law No. 8934 on environmental protection.", (2002), at: <https://leap.unep.org/countries/al/national-legislation/law-no-8934-environmental-protection>

⁴² Government of Bulgaria, "Health and Safety at Work Act", at: <https://www.mlsp.government.bg/uploads/37/politiki/trud/zakonodatelstvo/eng/health-and-safety-at-work-act.pdf>

⁴³ Murataj, J. et al. (2018), "Energy and thermal performance of apartment buildings in Albania: the case of a post-communist country", Windsor Conference Rethinking Comfort, at: <https://radar.brookes.ac.uk/radar/file/a95c455c-2c5c-434a-9ce9-a09c988c65e0/1/Energy%20and%20thermal%20performance%20of%20apartment%20buildings%20in%20Albania.pdf>

⁴⁴ Malka, L. et al. (2022), "Optimum insulation thickness design of exterior walls and overhauling cost to enhance the energy efficiency of Albanian's buildings stock", Journal of Cleaner Production, at: <https://www.sciencedirect.com/science/article/pii/S0959652622047345#bib64>

Building Code, most of the residential buildings in Albania are uninsulated with low thermal and energy performance, but with high refurbishment potential.^{45,46} As a candidate for EU membership, Albania has made efforts in transposing EU energy efficiency directives, such as the Energy Performance of Buildings Directive⁴⁷ since 2021⁴⁸ into its national legislation.^{49,50} Starting from 2021, the public sector must renovate at least 3% of the total public building stock annually, yet an estimated EUR 2.3 to 2.7 billion is needed to improve energy efficiency in Albania's building sector until 2030.⁵¹

In Bulgaria, GHG emissions from the buildings sector increased by 3% from 2019 to 2021.⁵² Much of the multi-apartment housing stock comprises prefabricated panel buildings that have low energy efficiency and require upgrading.⁵³ As a EU member, Bulgaria's National Energy and Climate Plan (NECP)⁵⁴ follows the EU target to achieve at least a 55% reduction in GHG emissions by 2030 compared to 2015.⁵⁵ Under the NECP, Bulgaria targets to upgrade 8% of the residential and non-residential building stock between 2021 and 2030, increasing that share to 20% between 2041 and 2050.⁵⁶ In addition, Bulgaria's 2023 National Recovery and Resilience Plan introduces mechanisms to facilitate investment in energy efficiency renovations in residential buildings,⁵⁷ opening up an estimated EUR 1 billion of investments in energy efficiency for public and private building stocks.⁵⁸

Based on the above, Sustainalytics is of the opinion that First Investment Bank's financing of green buildings and renovation of buildings to reduce energy demand is expected to reduce energy consumption and emissions from Albania and Bulgaria's buildings sector.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the First Investment Bank AD Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.3 Ensure inclusive and sustainable urbanization, planning and management
	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

⁴⁵ Murataj, J. et al. (2018), "Energy and thermal performance of apartment buildings in Albania: the case of a post-communist country", Windsor Conference Rethinking Comfort, at: <https://radar.brookes.ac.uk/radar/file/a95c455c-2c5c-434a-9ce9-a09c988c65e0/1/Energy%20and%20thermal%20performance%20of%20apartment%20buildings%20in%20Albania.pdf>

⁴⁶ Belussi, L. et al. (2021), "Achieving near Zero Energy Building in Albania: An Approach for the Retrofit of a Public-School Building", E3S Web Conferences, at: https://www.e3s-conferences.org/articles/e3sconf/abs/2021/88/e3sconf_ati2021_02005/e3sconf_ati2021_02005.html

⁴⁷ European Commission, "Energy Performance of Buildings Directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

⁴⁸ European Commission, "Commission Staff Working Document- Albania 2022 Report", at: <https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-10/Albania%20Report%202022.pdf>

⁴⁹ Belussi, L. et al. (2021), "Achieving near Zero Energy Building in Albania: An Approach for the Retrofit of a Public-School Building", E3S Web Conferences, at: https://www.e3s-conferences.org/articles/e3sconf/abs/2021/88/e3sconf_ati2021_02005/e3sconf_ati2021_02005.html

⁵⁰ Spasić, V. (2021), "Albania introduces obligations for public, private sector to increase energy efficiency", Balkan Green Energy News, at: <https://balkangreenenergynews.com/albania-introduces-obligations-for-public-private-sector-to-increase-energy-efficiency/>

⁵¹ OECD, "A green recovery in Albania", at: <https://www.oecd-ilibrary.org/sites/42867770-en/index.html?itemId=/content/component/42867770-en>

⁵² European Commission, "Climate Action Progress Report Country Profile 2022- Bulgaria", (2022), at: https://climate.ec.europa.eu/system/files/2023-04/bg_2022_factsheet_en.pdf

⁵³ Climatescope, "Bulgaria", at: <https://www.global-climatescope.org/markets/bg/>

⁵⁴ European Commission, "National energy and climate plans", at: https://commission.europa.eu/energy-climate-change-environment/implementation-eu-countries/energy-and-climate-governance-and-reporting/national-energy-and-climate-plans_en

⁵⁵ European Commission, "2030 Climate Target Plan", at: https://climate.ec.europa.eu/eu-action/european-green-deal/2030-climate-target-plan_en

⁵⁶ Climatescope, "Bulgaria", at: <https://www.global-climatescope.org/markets/bg/>

⁵⁷ European Commission, "Bulgaria's National Recovery and Resilience Plan- Latest state of play", (2023), at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733662/EPRS_BRI\(2022\)733662_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733662/EPRS_BRI(2022)733662_EN.pdf)

⁵⁸ European Commission, "Commission Staff Working Document- 2023 Country Report- Bulgaria", (2023), at: https://economy-finance.ec.europa.eu/system/files/2023-05/BG_SWD_2023_602_en.pdf

Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030 double the global rate of improvement in energy efficiency
	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Agriculture and Forestry	15. Life On Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
Pollution Prevention & Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Eco-Efficient Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Terrestrial & Aquatic Biodiversity	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
	15. Life On Land	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
---------------------------	--------------------	--

Conclusion

Fibank has developed the First Investment Bank AD Green Finance Framework under which it intends to issue green finance instruments, including green bonds and use the proceeds to provide mortgage loans, investment loans, project finance and general purpose loans to pure play companies, to finance or refinance, in whole or in part, existing or future projects in the eligible categories. Sustainalytics considers that the projects funded by the green finance proceeds will support Albania and Bulgaria's transition to an environmentally sustainable economy.

The First Investment Bank AD Green Finance Framework outlines a process to track, allocate and manage proceeds, and makes commitments for the Bank to report on their allocation and impact. Sustainalytics believes that the First Investment Bank AD Green Finance Framework is aligned with the overall sustainability strategy of the Bank and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 6, 7, 9, 11, 12, 13, 14 and 15. Additionally, Sustainalytics is of the opinion that Fibank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that First Investment Bank AD is well positioned to issue green bonds and that the First Investment Bank AD Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	First Investment Bank AD
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	First Investment Bank AD Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 24, 2023
Publication date of review publication:	July 12, 2023
Original publication date [please fill this out for updates]:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds⁵⁹ are aligned with those recognized by the Green Bond Principles 2021 and Green Loan Principles 2023. Sustainalytics considers that investments in the eligible categories are expected to deliver positive environmental impacts, and advance the UN Sustainable Development Goals, specifically SDGs 2, 6, 7, 9, 11, 12, 13, 14 and 15.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use, agriculture and forestry |
| <input checked="" type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

First Investment Bank's Credit Council will be responsible for evaluating and selecting eligible projects that are in line with the eligibility criteria. First Investment Bank has in place internal risk functions and procedures that incorporate ESG factors and associated risks for all allocation decisions. Sustainalytics considers these risk management systems to be adequate, and the project evaluation and selection process to be in line with market practice.

⁵⁹ The use of proceeds identified under the First Investment Bank AD Green Finance Framework are: Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Agriculture and Forestry, Pollution Prevention and Control, Eco-efficient Circular Economy Adapted Products, Production Technologies and Processes, Sustainable Water and Wastewater Management, Terrestrial and Aquatic Biodiversity, and Climate Change Adaptation

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|---|--|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

First Investment Bank's Credit Council will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using an internal Eligible projects Portfolio. First Investment Bank intends to allocate all proceeds to eligible assets within 24 months of issuance and pending allocation, proceeds may be temporarily held in money market instruments, cash or cash equivalents. Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

First Investment Bank intends to report on the allocation of proceeds and corresponding impact in its allocation and impact report which will be published on its website on an annual basis until full allocation. Allocation reporting will include information such as the amount of net proceeds outstanding, the amount of proceeds allocated to eligible projects, and the balance of unallocated proceeds. Where feasible, First Investment Bank shall also disclose the net proceeds allocated per use of proceeds category, the geographical distribution and the balance of unallocated proceeds. In addition, First Investment Bank is committed to reporting on relevant impact metrics. Sustainalytics views First Investment Bank’s allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- Allocated amounts
- Green Bond financed share of total investment
- Other (please specify): Net proceeds allocated per use of proceeds category, the geographical distribution and the balance of unallocated proceeds

Frequency:

- Annual
- Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Energy Savings
- Decrease in water use
- Other ESG indicators (please specify):

Eligible Green Categories	Example of Impact Reporting Metrics
Green Buildings	<ul style="list-style-type: none"> ▪ Certification Standards <ul style="list-style-type: none"> ○ Type of scheme, certification level ▪ Level of Energy Performance Certificate (EPC), if applicable ▪ Annual energy savings (MWh) ▪ Final and/or Primary Energy Use (kWh/m²) ▪ Estimated annual GHG emission reduced/avoided (tCO₂e)
Renewable Energy	<ul style="list-style-type: none"> ▪ Installed renewable energy capacity (MW)

Eligible Green Categories	Example of Impact Reporting Metrics
	<ul style="list-style-type: none"> ▪ Expected annual renewable energy generation (MWh) ▪ Estimated annual GHG emission avoided (tCO₂e)
Energy Efficiency	<ul style="list-style-type: none"> ▪ Annual energy savings (MWh) ▪ Estimated annual GHG emission reduced/avoided (tCO₂e) ▪ Number of smart meters installed, if applicable
Clean Transportation	<ul style="list-style-type: none"> ▪ Number of people using public mass transportation ▪ Number of retail and/or public transportation vehicles financed ▪ Number of EV charging stations units installed, if applicable ▪ Estimated annual GHG emission avoided (tCO₂e) ▪ Passenger-kilometres (i.e. the transport of one passenger over one kilometre) and/or passengers; or tonnekilometres (i.e. the transport of one tonne over one kilometre) and/or tonnes ▪ Annual GHG emissions reduced/avoided in tCO₂-e p.a. ▪ Reduction of air pollutants: particulate matter (PM), sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)
Pollution prevention and control	<ul style="list-style-type: none"> ▪ Type and annual amount of recycled waste (tonnes) ▪ Amount of waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/ or in absolute amount in tonnes p.a. ▪ GHG emissions avoided from waste management activities (tCO₂-e p.a.)
Eco-efficient and / or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> ▪ Annual savings of relevant resources (e.g. tonnes raw material/year) ▪ Estimated annual GHG emissions avoided or reduced (tCO₂e) and/or energy savings (MWh per year), if applicable
Water Management and Wastewater Management	<ul style="list-style-type: none"> ▪ Annual water savings (m³) ▪ Volume of wastewater treated (m³)
Terrestrial and aquatic biodiversity	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced in tCO₂e p.a. ▪ Maintenance/increase of natural landscape area (including forest) in km² and % annual increase (if applicable, certified by benchmark standards for sustainable forest management, e.g. FSC, PEFC, Rainforest Alliance) ▪ Maintenance/increase of protected area/habitat in km² ▪ Absolute number of predefined organisms and species per km²/m² before and after the project ▪ Changes in the CO₂, nutrient and/or pH levels for coastal vegetation, and coral reefs in %
Climate change adaptation	<ul style="list-style-type: none"> ▪ Temperature related: Increase in grid resilience, energy generation, transmission/distribution and storage in MWh ▪ Temperature related: Reduction in emergency and unplanned rail and tarmac replacement in km ▪ Water related: Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m³ ▪ Water related: Additional water availability and/or increased water catchment in m³/year ▪ Land related: Reduction in repair costs and/or operating days lost due to landslides ▪ Land related: Increase in area under wetland management in km²

Frequency

Annual Semi-annual

Other (please specify):

Means of Disclosure

Information published in financial report Information published in sustainability report

- Information published in ad hoc documents
- Other (please specify): allocation and impact report on Fibank's website.
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion)
- Certification
- Verification / Audit
- Rating
- Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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