Georgia Global Utilities

Type of Engagement: Annual Review
Date: April 14, 2022
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Introduction

In 2020, Georgia Global Utilities ("GGU" or the "Issuer") issued green bonds (the "2020 Green Bonds") under the Georgia Global Utilities Green Bond Framework (the "Framework"). The 2020 Green Bonds were aimed at financing and refinancing environmentally impactful projects to facilitate the generation of renewable energy and the development of sustainable water resource management in Georgia while building resilience to climate change. In April 2020, Sustainalytics provided a Second-Party Opinion on the Framework. In May 2021, Sustainalytics reviewed the projects funded through the issued 2020 Green Bonds and provided an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.[1,2]

In April 2022, GGU re-engaged Sustainalytics to review the projects funded through the issued 2020 Green Bonds and to provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Georgia Global Utilities Green Bond Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded through the issued green bonds based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Georgia Global Utilities 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 Georgia Global Utilities 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	• Hydropower or Wind Power electricity generation assets with a carbon intensity of less than 100g CO_2e/kWh	• tCO_2e avoided
Energy Efficiency	• Projects which serve to reduce the energy consumption of the water supply system	• Energy consumption savings (MWh)
Pollution Prevention and control	• Projects which improve the quality of discharges to water	• Improvements in key parameters[3] for treated wastewater: e.g., TSS, BOD, COD, Total N, Total P
Sustainable Water and Wastewater Management	• Projects which reduce water losses and pollution from the water supply and wastewater treatment infrastructure	• Improvements in key water quality parameters

[1] Georgia Global Utilities Green Bond Framework, at: https://51e625f9-f545-4610-8b7f-886390cdb033.filesusr.com/ugd/608e6c_b8756c926ae849cc8e2be1073578c450.pdf
[2] Georgia Global Utilities Annual Review (2021) at: https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/georgia-global-utilities/georgia-global-utilities-green-bond-annual-review-2021/georgia-global-utilities-green-bond-annual-review
[3] TSS – Total Suspended Solids, BOD – Biochemical Oxygen Demand, COD – Chemical Oxygen Demand, N – Nitrogen, P - Phosphorous

Climate Change Adaptation	• Flood control and prevention systems	• Qualitative reporting

Issuing Entity's Responsibility

GGU 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 GGU's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from GGU employees and review of documentation to confirm the conformance with the Georgia Global Utilities Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by GGU 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 GGU.

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,[4] nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of GGU's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Georgia Global Utilities Green Bond Framework.

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 bonds to determine if projects aligned with the Use of Proceeds Criteria outlined in the Georgia Global Utilities 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 bonds to determine if impact of projects was reported in line with the KPIs outlined in the Georgia Global Utilities Green Bond Framework and above in Table 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

[4] 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.

Appendix

Appendix 1: Impact and Allocation Reporting by Eligibility Criteria

Use of Proceeds Category	Green Projects Financed	Net Bond Proceeds Allocation (USD'000) in 2020	Net Bond Proceeds Allocation (USD'000) in 2021	2021 Environmental Impact Reported by Eligibility Criteria
Renewable Energy	Construction of Mestiachala HPP	36,595	–	220 MW of installed capacity 598 GWh of clean energy generation 120,822 tCO_2e emissions avoided Over 180,000 households served with clean energy
	Construction of Debeda HPP	4,560	–	
	Construction of Kasleti HPP	11,720	–	
	Construction of Akhmeta HPP	13,412	–	
	Construction of Qartli wind farm	27,426	–	
Energy Efficiency	Installation of water flow meters and zoning of water supply area	820	–	0.37 kWh of electricity used per m^3 of water production; 0.35% reduction from 2020 to 2021[5] 179.5 GWh of self-produced electricity consumption; 2.45% increase from 2020 to 2021[6,7]
	Installation of smart infrastructural assets (pressure loggers, water level measurement equipment, valves and etc.)	7,403	–	
	Introduction of GIS and SCADA systems, other IT supports tools and programs	1,657	–	

[5] 24.5% reduction in electricity used per m^3 of water production during 2017-2021
[6] In 2021, the increase in self-produced energy consumption was driven by an increase in water demand and production in H2 2021 due to COVID-19 related restrictions being lifted
[7] 25% reduction in self-produced electricity consumption during 2017-2021

Pollution Prevention and Control	Modernization of Gardabani waste water treatment plant	21,212	–	The treatment of, on average, 165 million m^3 of wastewater and 11,162 m^3 of sludge The concentrations of key parameters of treated wastewater comply with the maximum permissible concentration limits, which are: • Suspended particles – 35 mg/l • BOD – 25 mg O_2/l • Total nitrogen 10 mg/l • Total phosphorus – 1 mg/l • COD – 125 mg O_2/l
Sustainable Water and Wastewater Management	Refurbishment and development of the water and wastewater network	67,317	3,699	Upgrade of 121.6 kilometer of water network Upgrade of 46.1 kilometer of wastewater network Annual water loss reduction of 1.7 million m^3 3,875 additional new customers connected to uninterrupted water supply and wastewater treatment services 28,438 water meters installed including 1,413 smart meters
	Installation of customer water meters	9,249	–	
	Replacement of liquid chlorine systems with sodium hypochlorite systems	427	–	
	Refurbishment of pumping stations and reservoirs	3,236	–	
	Refurbishment of water treatment plants	1,576	–	
	Connection of new customers	26,320	7,840	
Climate Change Adaptation	Installation of early warning system on Zhinvali HPP	282	–	Protection of up to 50,000 people as a result of pre-notification system installed
	Riverbank protection	1,119	–	

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