

In October 2017, ALTUM became the first development bank in Eastern Europe to issue the Green Bonds. 20 mEUR Green Bond was issued under Green Bond Framework 2017 which received a Medium Green shading from CICERO. During the reporting period ALTUM's Green Bond Framework 2017 has been subject to an update. Revised Green Bond Framework 2021 follows the recommendations outlined in the 2021 edition of the Green Bond Principles by ICMA and received CICERO Medium Green in December 2021.



CICERO
Medium Green

The 20 mEUR Green Bond (ISIN LV0000802353) with tenor of 7 years constitute Senior Unsecured debt obligation of ALTUM.

As at 30 June 2022 Altum has committed a total of 18.5 mEUR and disbursed a total of 17.3 mEUR for green projects. Almost all funded projects have been completed and their contribution to sustainability has commenced during the reporting period generating an annual avoidance in GHG emissions corresponding to 7,963 tonnes CO₂e. That in turn corresponds to an actual avoidance of 430 tonnes CO₂e p.a. per committed 1 mEUR mainly boosted above average by Energy Efficiency projects. Covid-19 pandemic restrictions leading to decrease of economic activities negatively affected actual sustainability KPI's that are slightly lower than originally estimated and reported last year.

Green Bond proceeds are allocated to individual projects.

The share of new projects out of total committed Facility amount stands for 90%.

18.5 mEUR
Facility amount

17.3 mEUR
Disbursed amount

47

Number of green projects

7 963

Reduced GHG, tCO₂e p.a.
Total projects impact 30 June 2022 (actual)

74%

23%



Energy efficiency

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
13.7	12.7	39
Reduced GHG, tCO ₂ e p.a.	Energy reduced, MWh p.a.	Reduction of energy use, %
7 372	40 395	20

Energy infrastructure



Production equipment

Pace of new projects to be funded by Green Bonds has decreased as market expected new RRF facility (EU public funding) coming early 2022 with attractive grant element. Along with relatively long project implementation period all projects except for one still in pipeline has been completed as at 30 June 2022. Due to slow pace of economic activities during Covid-19 and mild winter actual KPI Energy reduced is slightly lower than the estimate reported last year.

Work in progress

Green buildings

Green Buildings segment is relatively new in Latvia with considerable potential for its financing. During the period ALTUM experts have extensively advised the companies on funding solutions, building the companies' awareness on Green Buildings concept. We expect new financing deals to come in this project category in the nearest future.

Sustainable transportation

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
4.2	4.2	3
Reduced GHG, tCO ₂ e p.a.	Clean transportation, Mkm p.a.	Reduction of energy use, %
524	3.6	100

Car sharing



Electric buses

Micro electric mobility

Car sharing fleet actual KPI's are lower than the estimates due to Covid-19 restrictions thus effecting the total actual KPI's for this segment - Reduced GHG and Clean transportation km.

3%



Renewables

Facility amount, mEUR	Disbursed amount, mEUR	Number of green projects
0.6	0.4	5
Reduced GHG, tCO ₂ e p.a.	Energy reduced, MWh p.a.	Reduction of energy use, %
67	715	55



Solar panels

Several projects in the pipeline as at 30 June 2022 that would increase Facility upon approval.



Success stories



Energy efficiency
RCG Lighthouse

One of ALTUM-funded ESCO companies, **RCG Lighthouse** has implemented an ambitious street lighting modernization project in the City of Jēkabpils. By replacing almost 2 000 street lights, the cost of the city's annual street lighting will decrease by 68%, and in 10 years the municipality will have saved more than 800 thEUR. Thanks to more efficient lighting, traffic safety will also improve in nighttime hours, and the new lighting will reduce the municipality's CO₂ emissions by approximately 450 tonnes per annum. The portfolio of **RCG Lighthouse** includes more than 120 companies in the Baltics (in Latvia only: in 53 towns and small municipalities).



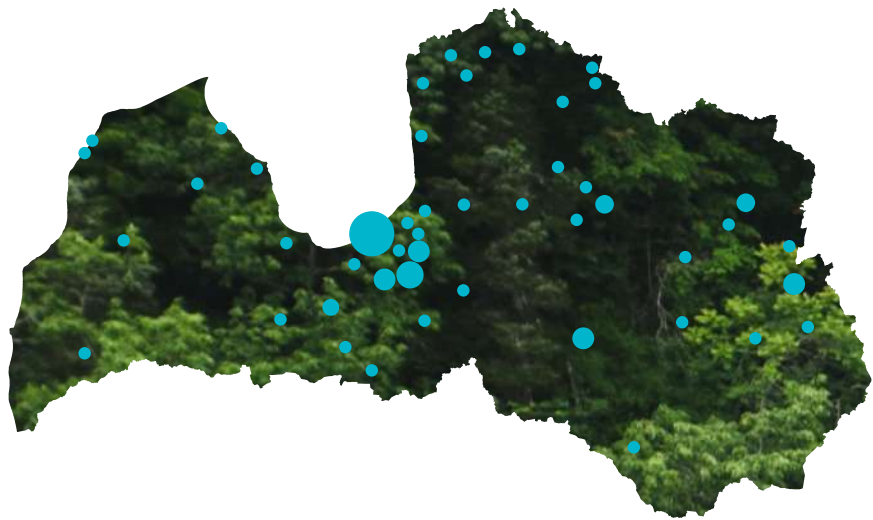
Energy efficiency, modernization
of the production, Madesta

Madesta, a rapidly growing manufacturer of wind turbines and metal structures, has in a few years implemented ambitious energy efficiency improvement projects with financing provided by ALTUM Green bonds. By upgrading HVAC systems at production premises, electricity consumption has been reduced by more than 70%, modernization of production equipment has reduced annual consumption of diesel fuel by 73 th litres, while with purchases of new cutting and drilling, painting and grinding equipment has not only increased the company's production capacity but is also expected to lower the share of electricity saved in certain wind turbine manufacturing processes by 90% to 97%. Besides significant financial savings, the energy efficiency projects implemented have reduced the company's CO₂ emissions by 161 tons per annum.

Green Projects



ESCO Lightening treated as 1 green project although contains number of underlying objects in respective geographical location.



Methodology

- 💡 KPI's: reported actual total project impact, excluding any supply/value chain impact
KPI's represent respective projects contribution to sustainability started during the reporting period.
- 💡 Green Bonds Project-by-project report as at 30 June 2022 available on www.altum.lv Investors section under Green Bonds.
- 💡 The expected reduction of GHG emissions for Energy Efficiency and Renewables project categories has been calculated based on respective conversion rates applied to estimated energy savings according to local methodology – Republic of Latvia Cabinet Regulation No. 42 "Methodology for Calculating Greenhouse Gas Emissions" dtd 23 January 2018. Conversion rates for Latvia are based on the particular country's energy balance (LV energy consumption balance includes considerable portion of renewable energy) thus leading to lower reduction of GHG emissions as might be in other countries with different structure of the country's energy balance for projects with similar energy saving.
- 💡 Energy Efficiency projects using biomass are treated as CO₂e neutral.
- 💡 ESCO company's deals reported as 1 green project although there is considerable amount of underlying small green objects.



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