

Green Finance Framework

First Investment Bank AD

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1. Introduction

Business Overview

First Investment Bank AD (“Fibank”, the “Bank”) is among the leading banks in Bulgaria which is developing and has established itself as a financial group (the “Group”) which carries out its main activities in the Republic of Bulgaria and has regional presence through foreign operations in Cyprus and Albania.

Fibank is an innovative and customer-oriented credit institution that offers a diverse range of products and services for individual and corporate clients. With experience in corporate banking and broad presence in the market of retail banking, Fibank is among the leading institutions in the country in card business and international payments. Fibank is the preferred bank for savings of the population, which offers high quality customer service in accordance with the best banking practices. Fibank is among the pioneers in the business with investments in gold and other precious metals, unique for the Bulgarian bank market products and services. Fibank offers its customers advanced solutions and modern banking services.

Fibank aims to consolidate its position as one of the best banks in Bulgaria, recognized as a fast-growing, innovative and customer-oriented institution that offers exceptional products and services to customers, provides excellent career opportunities for employees and is socially engaged with the broader community. The Bank will continue to develop high-tech solutions, enabling its customers to bank at any time, from any point in the world.

Green Strategy

Fibank's Green strategy is deeply rooted in its core business operations and decision-making processes. We believe that the health and prosperity of our organization are directly tied to the well-being of the society we serve and the health of our environment. We see this interconnection as an opportunity to create shared value – driving financial success while also catalyzing positive social and environmental change.

Environmental Goals

We have set specific environmental goals in line with our broader Green strategy. We are committed to becoming carbon neutral by 2050. To achieve this ambitious target, we are in the process of developing a detailed carbon reduction roadmap, which includes energy efficiency measures, renewable energy procurement, and carbon offset projects. Furthermore, we are expanding our green financing portfolio, aiming to increase our investment in renewable energy, clean transportation, and other environmentally significant sectors by EUR 500 million over the next 3 years.

To achieve its environmental goals, Fibank commits to implement the following actions and environmental considerations, including:

- Maintaining an updated ESG strategy
- Considering environmental factors when making business decisions
- Providing training to employees on environmental issues
- Monitoring portfolio greenhouse gas emissions.

Social Goals

We aim to be the employer of choice, fostering an inclusive and diverse work culture. Our goal is to ensure gender parity at all levels of management by 2030, and we are developing programs to support underrepresented groups within our organization. Additionally, we are increasing our investment in community development initiatives, focusing on education, health, and financial inclusion.

Fibank is a socially responsible institution implementing various projects in the field of education, culture and sports as part of the corporate social responsibility program, including:

- Promoting diversity, equality and inclusion
- Ensuring employee commitment
- Offering a healthy balance between professional and personal life
- Charity and partnerships.

Governance Goals

Fibank aims to uphold the highest standards of corporate ethics and transparency. We are implementing robust risk management procedures and enhancing our disclosures around ESG topics to provide a comprehensive view of our ESG performance. We are also committed to safeguarding our stakeholders' data and protecting them against cybersecurity threats. We aim to achieve full compliance with the leading data protection and cybersecurity standards.

These goals align with our broader commitment to the United Nations' Sustainable Development Goals (SDGs), as we believe our success should not only be measured in financial terms but also by our contribution to a sustainable and equitable world.

Our progress against these goals will be reported annually in our Green Report and audited by third-party assurance providers to ensure we are delivering on our commitments and continuously improving our ESG performance.

The Banks aims at ensuring high standards in corporate governance, including:

- Compliance with regulatory standards and procedures
- Protection of personal data of all data subjects
- Protection against fraud by introducing cyber security measures
- Providing compliance training for all employees
- Maintaining a Whistleblowing Policy.

By maintaining robust governance practices and providing transparency in the use of our sustainability financing, we are not only able to deliver on our sustainability commitments but also offer reassurance and accountability to our stakeholders. We commit to providing regular updates on our performance against these proportions in our annual sustainability report to ensure transparency and demonstrate our ongoing commitment to our sustainability objectives.

Green Development & Initiatives

Fibank strives to support businesses and clients towards an environmentally friendly development and a sustainable future by developing financial products and services with sustainable elements and implementing social initiatives and causes of public interest aimed at vulnerable groups.

The Bank takes a holistic approach to the implementation of Green requirements through integration in its business processes, risk management and corporate governance framework, including the lending process and decision-making, credit assessment of borrowers and investment activity, as well as in setting the tone by the management in terms of commitment and developing a Green culture among employees.

In 2021, Fibank undertook important steps (organization, roadmap) for implementing the requirements, reflecting ESG factors in the activity, its strategic planning & business strategy, risk management framework and internal governance.

The Bank has since launched new Green Financing Products, further developed its Smart Lady Programme and continued to support Social Micro Financing:

<i>Green Financing</i>	<i>Gender Financing</i>	<i>Social Micro Financing</i>
<ul style="list-style-type: none"> • New credit products for business customers were developed: Green Transport, Green Energy - Free Market and Green Energy - Own Use, in implementation of sustainable development initiatives • A new Eco Portfolio product was developed, intended for both retail and business customers that is linked to a portfolio of bonds backed by “green” projects or by loans for mitigation of greenhouse gas emissions 	<ul style="list-style-type: none"> • Fibank is the only Bulgarian bank to offer gender financing • Smart Lady - a set of superior customer experience for women, capturing a full product package including credit programs, health, wealth education, insurance • Financial education, networking opportunities and an online platform are part of the product • Sustainable Lady Fund - a joint initiative with Mastercard to support innovative green projects for women entrepreneurs 	<ul style="list-style-type: none"> • Loans to start-ups and social enterprises, people with disabilities and young people under instruments funded by EU funds, including the EU Social Fund and the Youth Employment Initiative • Fibank signed an agreement for financing micro companies in rural areas to promote social inclusion and support sustainable development of agricultural producers

Supporting women entrepreneurs (“Smart Lady Program”): designed primarily for micro-enterprises managed or owned by women, as well as for businesses whose products and/or services are designed for women. The program provides a combination of training seminars and workshops on topics designed especially for women entrepreneurs, such as digital marketing, presentation skills, overcoming objections, and negotiation skills. The goal is for participants to acquire the necessary expertise for successful business management, including through the program's web-based platform. Fibank also participates in the National Mentoring Program for women entrepreneurs by providing a special 5-month training program for developing micro businesses in the field of healthy nutrition, brokerage services and aesthetic cosmetics.

Financial education for children (“Ninijiro” digital platform): an innovative joint project with Mastercard, designed for early financial education of children over 7 years old. It is structured through interactive communication and play with the aim of developing financial literacy and promoting social responsibility. The project involves online communication between parents and children, setting tasks and performance goals, providing achievement reports, and rewards children with payment points that can be used to purchase vouchers or invest in various sustainable causes such as planting trees or maintaining beehives.

Inclusive ATMs: the Bank has a long-standing commitment to create positive impact for certain vulnerable groups of the society. Fibank has successfully equipped some of its ATMs with voice menus and audio instructions to facilitate their use by blind people. The innovation is in line with global best practices to assist people with impaired vision in carrying out basic banking transactions. In 2014 Fibank was the first Bulgarian bank to install ATM terminals specially adapted for people of short stature and in the long term, it is the Bank's intention that all new ATMs have such capability.

Sports: The Bank supports various sports initiatives since 2011 and the development of young talents in Bulgaria. The Bank continues to act as a general sponsor of the Bulgarian Olympic Committee (BOC) and sponsor of the Bulgarian Athletics Federation (BAF), the Bulgarian Rhythmic Gymnastics

Federation (BRGF) and others. Several activities and events have been supported in partnership with the Sofia European Capital of Sports Foundation, aimed at promoting sports among the general public. The Bank also sponsored the Bulgarian Sports Federation for Children and Youth at Risk, and the Sports in the Free Time Association.

Culture: As a bank dedicated to supporting the country's culture, Fibank has provided annual support to initiatives in the fields of music, theatre and fine arts, including the International Jazz Festival in Bansko and the Sofia Summer Fest. Fibank supports social programs of the Union of Bulgarian Actors (UBA), its fundraising activities, as well as the granting of scholarships to talented disadvantaged students studying theatre and drama.

Supporting SMEs: The Bank annually awards successful Bulgarian companies in the Best Bulgarian Company of the Year competition. The initiative aims to raise public awareness of good business examples in the country and promote successful business models, thus motivating Bulgarian companies towards competitiveness and innovation.

ESG Ratings, External Recognitions, Partnerships and Initiatives

Fibank received several prestigious local and international awards for its strong focus on innovation and digitalization but also for its ESG and CSR efforts:

- In 2022, the Bank was awarded for the sixth time the 'Golden Heart' prize at the annual awards for charity and corporate social responsibility of the Business Lady magazine.
- In April 2019 the Bank was awarded in the prestigious international 'Product of the Year' competition. The Bank was named the winner in two categories: for program to develop women's entrepreneurship – Smart lady, and for innovation in its debit cards for children and teenagers.
- The Bank received the 'Digital Bank of Year' award for the year 2022 at the Worldwide Finance Awards organized by the British magazine Acquisition International (AI), for digital services and innovations offered to customers.
- The Bank was recognized for its outstanding performance and contribution to the Bulgarian banking sector at the Company of the Year awards ceremony receiving two awards on the back of its successful 2022 campaign – 'Bank of the Year' and 'Employer Branding'.

Fibank is part of the joint initiative of the Bulgarian Stock Exchange and the Bulgarian Independent Energy Exchange to create a Green Finance & Energy Centre functioning as a think-tank for sustainable finance.

The head office of Fibank is in a new modern building certified as "Excellent" in accordance with the BREEAM eco standard for buildings.

UN Sustainable Development Goals

The Sustainable Development Goals ("SDGs") are 17 global goals that the United Nations General Assembly set in 2015 for the year 2030. They address the global challenges we face, such as poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

In our daily and consistent work for a more sustainable future, we focus on six of the Sustainable Development Goals that are the most relevant to Fibank's core business, our degree of influence and the risks we have identified.



- **SDG # 5: Gender equality**

At Fibank, gender equality culture is a fundamental part of our values. We aim to be a company where women and men have the same opportunities, conditions, and power to shape the Bank and their own careers.



- **SDG #8: Decent work and economic growth**

Above 50% of the world's population lives under the international poverty threshold and just having a job does not guarantee a life above the poverty line.



- **SDG #9: Industry, innovation and infrastructure**

Investments in sustainable industries and environmental innovations are crucial to create opportunities for a better future. Fibank strives to ensure long-term economic growth in all of its operations.



- **SDG #11: Sustainable cities and communities**

The expansion of cities is putting unsustainable pressure on infrastructure, which could lead to economic growth but can also have negative effects on our ecosystem. Through lending to the property sector, we have a responsibility to create sustainable cities.



- **SDG #13: Climate action**

Fibank finances smart innovations and sustainable investments to reduce our indirect impact on the climate.



- **SDG #16: Peace, justice and strong institutions**

Fibank aims to reduce illicit financial flows and all forms of corruption and bribery within the Bank's operations.

2. Green Finance Framework

Rationale for Establishing a Green Finance Framework

As climate-related challenges grow, there is a growing sense of urgency that business must step in and help address them. The world is undergoing major changes, and the bank sector must respond to these changes in the most sustainable way possible.

At Fibank, we are strongly committed for our entire operations and value chain to be sustainable. This Green Finance Framework (the “Framework”) is an important step in aligning our financing strategy with our sustainability commitments. We consider the alignment of our funding strategy with our sustainability objectives to be core and this Framework will offer a further opportunity to communicate with investors and other market participants on our commitments. The aim is also to diversify our Bank’s investor base and engage in a sustainable dialogue with socially responsible investors.

We use our reach to increase awareness of sustainable investment and financing alternatives to facilitate the transition towards a low carbon and resilient economy. We are committed to use our leading capital markets platform to arrange financing, loans and bonds for our customers for purposes that generate positive environmental impact.

Alignment with Market Principles

The Framework is aligned with the Green Bond Principles (GBP)¹ published in June 2021 (with June 2022 Appendix 1) administered by the International Capital Market Association (“ICMA”) and the Green Loan Principles² (GLP) published in February 2023 and administered by the Loan Market Association (“LMA”). These are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of green finance.

Fibank’s Green Finance Framework is designed as an umbrella framework that will allow the Bank to issue Green Finance Instruments. Green Finance Instruments may include bonds, mortgage loans, investment loans, project finance and RCFs (limited to pure play companies³).

For each Green Finance Instrument issued, Fibank asserts that it will adhere to the four core components of the relevant ICMA and LMA principles:

- (1) Use of Proceeds,
- (2) Project Evaluation and Selection,
- (3) Management of Proceeds and
- (4) Reporting,

as set out in this Framework. The Framework also follows the key recommendation of the relevant ICMA and LMA principles with regards to External Reviews.

Alignment with the EU Taxonomy Regulation

In formulating the Framework care was also taken to reflect both the United Nations Sustainable Development Goals (“SDGs”) and whenever feasible, the technical screening criteria of EU

¹ [ICMA Green Bond Principles \(GBP\) 2021 \(with June 2022 Appendix 1\)](#)

² [LMA Green Loan Principles \(GLP\) 2023](#)

³ Companies that derive 90% or more of revenues from activities that align with the Eligibility Criteria set out in the Framework.

Taxonomy Delegated acts on Climate Change Mitigation and Adaptation⁴ (“EU Taxonomy”) and where feasible, components of the EU proposal for an EU Green Bond Standard⁵ (“EU GBS”).

Potential changes to voluntary market practices, ICMA and/or LMA principles or developments with regards to the EU GBS or EU Taxonomy will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting disclosures and will provide for external review by an entity which is eligible or accredited under any such prevailing principles or standards.

⁴ [EU Taxonomy Delegated Act on Climate Change Mitigation and Adaptation published in April 2021, adopted in June 2021](#)

⁵ [EU Proposal for a European Green Bond Standard \(EU GBS\)](#)

3. Use of Proceeds



An amount equivalent to the net proceeds of Green Finance Instrument(s) will be used to finance and/or re-finance, in part or in full, Eligible Green Projects with a positive environmental impact. Eligible Green Projects may include projects, loans, investments (and other lending structures) and expenditures to private individuals, legal entities, municipalities and the public sector, as well as equity investments into pure play companies⁶ that meet the Eligibility Criteria specified in this Framework.

Fibank intends to allocate the full amount of the net proceeds of Green Finance Instrument issuances to projects that are (i) outstanding in the current calendar year, and (ii) funded within 3 calendar years following issuance (the look forward period), in line with best market practice.

Fibank defines a look-back period of three years for the refinancing of expenditures under the Framework.

Our goal is to allocate the proceeds of Green Finance Instruments so a relatively high portion is kept in future financings which will support new, impactful sustainability projects. The remainder will be allocated to refinance existing and ongoing projects that continue to align with our sustainability objectives and the Eligibility Criteria.

Eligible Green Projects

Eligible Green Project Category	Eligibility Criteria	Alignment to the UN SDGs
Green Buildings	<p>Finance or refinance Eligible Green Projects related to the construction, acquisition, ownership or renovation of buildings in the commercial and residential real estate sector⁷. eligible loans may include both loans to private individuals (mortgages) or to legal entities, fulfilling the criteria below:</p> <ul style="list-style-type: none"> • Green commercial or residential buildings which meet at least one of the following criteria: <ul style="list-style-type: none"> – The building has a recognized international certification (at least applied or pre-certified)⁸ with a minimum certification level of LEED “Gold”, BREEAM “Excellent”, DGNB/ ÖGNI “Gold” or EDGE “Basic”⁹, OR – The building belongs to the top 15% of low carbon buildings at national level based on local building codes, building years and Energy Performance Certificate (EPC) (primary energy demand). In cases where an assessment of the top 15% low carbon buildings is not possible, buildings with a min. level “A” EPC are considered eligible. • Refurbished buildings (e.g. insulation of walls and roofs, insulation of facades, roofs, replacement of boilers etc) leading to the fulfillment of the following criteria: <ul style="list-style-type: none"> - Reduction of Primary Energy Demand or carbon emissions of at least 30% in comparison with the performance of the building before the renovation. <p>Buildings that are used for the purpose of occupation by fossil fuel extraction, storage or manufacturing of fossil fuel activities are explicitly excluded.</p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Target 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.</p> </div> <div style="text-align: center;">  <p>Target 11.3: Ensure inclusive and sustainable urbanization, planning and management.</p> </div> </div>

⁶ Companies that derive 90% or more of revenues from activities that align with the Eligibility Criteria set out in the Framework.

⁷ Sector may include office, industrial & logistic, hotels, retail, healthcare, residential properties.

⁸ In case of a denied certification or a not sufficient final certification the loan will be excluded from the Eligible Loan Portfolio.

⁹ EDGE Basic buildings achieving minimum energy savings of 30%.

Renewable Energy

Finance or refinance Eligible Green Projects related to the equipment, development, manufacturing, construction, installation, operation, distribution and maintenance of **renewable energy projects**:

- **Wind** power
- **Solar** power¹⁰
- **Hydropower**
 - Run-of-river without artificial reservoir or low storage capacity¹¹;
 - For new projects subject to an Environmental Impact Assessment (EIA), EIA by a credible body is to be carried out with no significant risk or expected negative impact identified;
 - Investments in hydropower projects embroiled in significant controversies are explicitly excluded.
- **Geothermal** projects (with life-cycle emissions < 100gCO₂/kWh according to GHG lifecycle assessment).
- Energy from **biomass**, which will be sourced from waste biomass¹² and non-waste feedstock^{13 14}.
 - 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.
 - 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. 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.
 - Investments in peat, as well as projects where 10% or more feedstock is sourced from non-certified oil and energy crops, are explicitly excluded.



Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

Energy Efficiency

Finance or refinance Eligible Green Projects related to the development, implementation, maintenance or repair of **products or technology that reduce energy consumption**. Examples include, but are not limited to:

- Projects improving the **energy efficiency of industrial production process** in a factory¹⁵ aiming to achieve at least 30% improvement in energy efficiency, such as thermostatic control of heating and cooling with smart thermostats, energy efficient cloud storage technology, LEDs, smart lighting solutions and sensor technology.
- **Energy storage** projects (e.g. fuel cells):
 - Fuel cells will be powered by renewables;
 - Other energy storage projects, such as batteries, will only be connected to renewable energy;
- **Energy efficient lighting** (e.g. LEDs);



Target 7.3: By 2030, double the global rate of improvement in energy efficiency.

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with

¹⁰ In case of concentrated solar power and solar thermal plants, at least 85% of the electricity is generated from solar energy sources.

¹¹ Alternatively, hydropower facilities should either comply with power density above 5 W/m² or direct GHG emissions below 100gCO₂e/kWh. For hydropower facilities in operation after 2019, power density above 10W/m² or direct emissions below 50 gCO₂e/kWh apply.

¹² 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.

¹³ Will include non-food crop, wastes, residues and by-products, including energy crops (corn, sugar beet, wheat, oats, barley, rapeseed, soybean, sunflowers, soybean oil and sugarcane), wood pellets and algae.

¹⁴ Feedstock sourced for projects financed under the Framework will meet the following criteria: (1) Production will not take place on land with high biodiversity (at least within last 10-15 years); (2) Feedstock will not compete with food sources; (3) Feedstock will not deplete carbon pools; (4) In the case of biofuels from algae, the Bank will limit the allocation of proceeds to R&D of algae cultivated on land in ponds or photobioreactors; and (5) Non-waste feedstocks will be sustainably sourced using credible third-party certifications (e.g. Roundtable for Sustainable Biomaterials, ISCC EU and Round Table on Responsible Soy (applicable to all non-waste biomass)).

¹⁵ Excluding fossil fuel-powered equipment or improvements within carbon-intensive heavy industries (e.g. steel, cement, refining, etc.).

- **Smart grid solutions** for more efficient transmission/distribution of energy as well as monitoring of energy consumption:
 - Financing of transmission lines that are directly connected to fossil fuel power plants are explicitly excluded.
- **Fiber-optic networks** with minimal environmental impact to replace more energy intensive alternative networks¹⁶.
- Construction, renovation, or refurbishment of **electricity grids** that partly transmit renewable energy (only assets aimed at increasing the share of renewables in the national electricity grid are eligible):
 - 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, a pro-rata approach will be used to determine the green allocation to grid development or maintenance, or meet one of the following criteria specified in the EU Taxonomy Delegated Act:
 - 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;
 - Financing of new transmission and distribution infrastructure dedicated to connecting new fossil power plants or new nuclear power plants is explicitly excluded;
 - Projects related to the construction, renovation or refurbishment of electricity grids aim to achieve a minimum of 15% energy efficiency gain compared to the pre-retrofit performance.

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

Finance or refinance Eligible Green Projects for manufacturing, acquisition, and modernization of zero **direct emission vehicles as well as related infrastructure**¹⁷ and development, manufacture or purchase of key components for clean transportation.

- **Zero-carbon transport:** investments in passenger and freight vehicles with zero tailpipe emissions, such as passenger and freight transport vehicles, electric cars, hydrogen fuel cars and electric or hydrogen trains (exclude vehicles dedicated to fossil fuel freight).
- **Low-carbon transport:**
 - Investments in low-carbon passenger vehicles with tailpipe emissions intensity of max. 50g CO₂/km until 2025 (from 2026 onwards, only vehicles with emission intensity of 0g CO₂/km are eligible)¹⁸;
 - Investments in infrastructure to support the use of zero-carbon and low-carbon vehicles, including charging stations for electric vehicles, electric buses infrastructure and bicycle paths, expansion of rail train and metro networks to improve capacity and upgrading stations;
 - Investments in transportation infrastructure for mass transportation (expansion of train/metro networks, projects in relation to capacity improvement, station upgrades);
 - Financing will be limited to manufacturing parts that are exclusively destined for vehicles financed under this category.



Target 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.

¹⁶ the bank will support such network upgrades after a study/evidence that shows the need for such upgrades

¹⁷ Excluding vehicles that are used for the purpose of transportation of fossil fuels. Eligible infrastructure does not include parking facilities, new construction and existing road infrastructure retrofits including roads, bridges etc., and fossil fuel stations or other assets that prolong the fossil-fuel lock in.

¹⁸ The emissions intensity will be calculated based on the World Harmonized Light-duty Vehicle Test Procedure (WLTP).

**Agriculture and
Forestry**

Eligible Green Projects to finance or refinance environmentally sustainable management of living natural resources and land use including:

Environmentally sustainable agriculture¹⁹:

- Acquisition, maintenance and management of certified agricultural practices under sustainable certification schemes, such as EU Organic and/or equivalent national certification schemes²⁰ (at least applied or pre-certified)²¹.
- Support the adoption, promotion, and implementation of conservation agriculture practices^{22, 23} verified by relevant and credible external certifications.
- Financing of purchase and distribution of inorganic or synthetic fertilizers, pesticides and herbicides, as well as techniques and technologies for industrial scale livestock production units is explicitly excluded.

Environmentally sustainable forestry:

- Including afforestation or reforestation, and preservation or restoration 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 parks²⁴.
- Projects will provide proof of compliance or alignment with international forest certification standards (the Forest Stewardship Council (FSC)²⁵ or Programme for the Endorsement of Forest Certification (PEFC)²⁶) evidenced by a copy of the certification or an audit report by a reputable consulting company confirming alignment with certification standards.



Target 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.

Target 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.

**Pollution
Prevention and
Control**

Eligible Green Projects to finance or refinance the development, construction, operation and maintenance of **sustainable waste management and recycling** projects, activities, and operations, such as:

- **Waste prevention, waste reduction and waste recycling:** this includes the development, operation and upgrade of recycling plants and recycling activities such as for metals, plastic and paper.
 - Chemical recycling of plastics will not be financed under the Framework,
 - Recycling of electronic waste will be accompanied by a robust waste management plan to mitigate associated risks,



Target 12.5: By 2030, substantially reduce waste generation through prevention, recycling and reuse.

¹⁹ Excluded activities: Transformation of rain fed agricultural land into irrigated land; Purchase of agricultural or forest land.
²⁰ Based on the approval by [control bodies and authorities for equivalency](#) and in compliance with EEC No. 834/2007 which was replaced in January 2022 by Regulation (EU) 2018/848.
²¹ In case of a denied certification or a not sufficient final certification the loan will be excluded from the Eligible Green Projects Portfolio.
²² [Conservation Agriculture](#) (CA) promoted by Food and Agriculture Organization of the United Nations (FAO)' main three principles: minimum tillage and soil disturbance the disturbed area must be less than 15 cm wide or less than 25% of the cropped area (whichever is lower), permanent soil cover with crop residues and live mulches (min. 30% cover), crop rotation and intercropping (min. 3 different crops).
²³ Projects constructed on land with high biodiversity [\[link\]](#) and/ or protected land [\[link\]](#) are excluded.
²⁴ Plant and tree species used for afforestation or reforestation will be native or well adapted to local conditions.
²⁵ FSC, at: <https://anz.fsc.org/>.
²⁶ PEFC, at: <https://pefc.org/for-business/supply-chain-companies/certify-your-construction-project>.




	<ul style="list-style-type: none"> – Source segregation of waste will be carried out before waste collection, and – Only zero direct emission waste collection vehicles will be financed. • Reduction of industrial air emissions and greenhouse gas control: the purchase of new and refurbishment of existing equipment, technologies and facilities that provide at least a 20% reduction in carbon emissions and/or serve as fossil fuel replacements. <ul style="list-style-type: none"> – This includes 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 (which is not powered by fossil fuel), equipment powered by biogas, and high efficiency filtration systems. • Projects intended for fossil fuel operations will be explicitly excluded. 	
<p><i>Eco-efficient Circular Economy Adapted Products, Production Technologies and Processes²⁷</i></p>	<p>Eligible Green Projects to finance or refinance circular design and production projects:</p> <ul style="list-style-type: none"> • Solutions that extend the product life cycle, such as: <ul style="list-style-type: none"> – Product reuse, repair, refurbishment, and regeneration – Integration of modular design or design for disassembly – Incorporation of take-back schemes or reverse logistics. • Procurement and production of alternative raw materials, such as: <ul style="list-style-type: none"> – Recycled and recyclable materials and materials of biological origin – Projects limiting the use of plastic packaging and single-use plastic products by adopting alternative packaging of reusable products. • Implementing technologies that enable repeated use, increased durability, repair and modernization, and improved recycling opportunities for products. Additionally, engaging in the production of digital equipment from recycled materials. • Production technologies that use recycled resources such as bio-based materials (production of bio-based materials will be limited to those certified under the Roundtable on Sustainable Biomaterials²⁸). • The use of bio-based plastics as an input in the financed production technologies and processes will be explicitly excluded. 	 <p>Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.</p>
<p><i>Sustainable Water and Wastewater Management</i></p>	<p>Eligible Green Projects to finance or refinance the development, construction, operation and maintenance of sustainable water and wastewater management projects and facilities²⁹ such as:</p> <ul style="list-style-type: none"> • Water collection, treatment and supply systems with improved energy efficiency through either decreasing the net average energy consumption of the system or improving the average leakage, by at least 20% compared to own baseline performance averaged for three years. <ul style="list-style-type: none"> – Water collection infrastructure financed may include weirs, sand dams, aquifer storage, stormflow management systems and rainwater harvesting systems. – Additionally, water supply infrastructure financed under this Framework may include pumping stations and drains, gravity-fed canal systems, and high-efficiency drip, flood or pivot irrigation systems. • Technologies³⁰ that increase water-use efficiency, water recycling and reuse, water saving systems and technologies, and water metering. 	 <p>Target 6.3: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>

²⁷ Virgin plastic-based solutions are excluded.

²⁸ Roundtable on Sustainable Biomaterials, “Why Choose RSB” at: <https://rsb.org/why-choose-rsb/>.

²⁹ 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. These plants will be powered by renewables or electricity below 100gCO₂e/kWh.

³⁰ These technologies will not depend on fossil fuels.

<p><i>Terrestrial and Aquatic Biodiversity</i></p>	<p>Construction, extension and operation of wastewater collection and treatment systems.</p> <ul style="list-style-type: none"> • 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. <p>Financing Eligible Green Projects related to terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments), focusing on three dimensions: (i) the conservation of biological diversity (genetic diversity, species diversity and habitat diversity); (ii) the sustainable use of biological diversity; and (iii) the fair and equitable sharing of the benefits arising out of the utilization of genetic resources³¹.</p> <p>Examples of projects targeting biodiversity include:</p> <ul style="list-style-type: none"> • Safeguarding and/or developing protected terrestrial and marine natural habitats. • Preservation or conservation of biological diversity including natural habitats and landscapes, such as marshes, creeks, coastal and terrestrial ecosystems, and watersheds. • Landscape conservation/restoration, including REDD (Reducing Emissions from Deforestation and Forest Degradation)³². Such activities will: (i) use tree species well adapted to the site condition; and (ii) have a sustainable management plan in place certified by the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). 	  <p>Target 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.</p> <p>Target 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.</p>
<p><i>Climate Change Adaptation</i></p>	<p>Financing Eligible Green Projects which are considered adaptation projects³³ focused on enhancing the preparedness and resilience to expected changes in climate, as well as any actual changes experienced. These may include:</p> <ul style="list-style-type: none"> • Projects that seek to moderate or avoid potential harmful effects on people, nature and/or economic activities and assets (e.g. infrastructure, buildings). • Investments that provide sustained adaptive solutions and enhance the overall resilience (e.g. fireproof roofs, other building elements to withstand higher temperatures, water-management systems for irrigation, and climate change monitoring systems including early warning systems). 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. <p>Projects, as well as the impact reporting metrics, are organized according to type of climate hazard:</p>	 <p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p>

³¹ Excluding financing genetically modified organisms and invasive species.

³² 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>

³³ The 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

*Eligible Green
Project Category*

Eligibility Criteria

*Alignment to the
UN SDGs*

-
- **Temperature-related:** Heatwaves, increasing heat stress, temperature variability.
 - **Wind-related:** Dust, storms, sandstorms.
 - **Water-related:** Floods, droughts, heavy precipitation.
 - **Land-related:** Mudflows, avalanches, landslides, locust invasion.
-

Exclusionary Criteria

For the avoidance of doubt, Fibank will not allocate proceeds from the issuance of Green Finance Instruments to financings related to the following activities:

- Defence and weapons
- Nuclear energy
- Fossil fuel energy
- Investments related to pure Internal Combustion Engines (ICE)
- Mining
- Alcohol
- Tobacco
- Gambling.

4. Process for Project Evaluation and Selection

The evaluation and selection process for Eligible Green Projects is a key process in ensuring that amounts equivalent to the net proceeds from Green Finance Instruments are allocated to projects which meet the Eligibility Criteria outlined in this Framework.

All potential Eligible Green Projects are subject to Fibank's standard credit process in line with the normal course of business, including:

- Know-Your-Customer (KYC) procedure
- Compliance
- Credit risk analysis
- CSR relevance assessment (all Eligible Green Projects which pass through Fibank's head office approval process)
- Sector policies (sensitive business areas are regulated in individual sector policies, e.g., war material, nuclear power, coal, gambling)
- Code of conduct.

Only projects that have been approved through Fibank's standard regular credit process can be considered eligible for a Green Finance Instrument.

Fibank will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Green Projects, it will strive to replace maturing Eligible Green Projects with new ones and will provide transparency on the Eligible Green Project origination timeframe in its annual reporting.

Identification of Eligible Green Projects

Eligible Green Projects are sourced from various eligible sectors and result from the application of the Eligibility Criteria outlined in this Framework which is the responsibility of the Credit Council ("CC"). The CC is a permanently functioning organ within Fibank's governance structure.

The Credit Council is responsible for:

- Reviewing, selecting, and validating the Eligible Green Projects:
 - Members from different lending departments will on a quarterly basis recommend Eligible Green Projects to the CC in line with the Eligibility Criteria laid out in the Framework;
 - Ensuring the recommended and potential Eligible Green Projects are aligned with the categories, Eligibility Criteria and Exclusionary Criteria as specified in the Use of Proceeds section above after obtain an opinion from Sustainable Development Department;
- Annually reviewing and approving any proposed changes to the Eligible Green Projects Portfolio;
- If a project no longer meets the Eligibility Criteria set forth in this Framework, the project will be removed from the register and replaced as soon as a substitute has been identified, but no later than within 12 months;
- Ensuring the proposed allocations are aligned with the relevant general policies and Fibank's ESG strategy;
- Overseeing, approving, and publishing the Allocation and Impact Report, including external assurance statements.

Identification and Mitigation of Environmental and Social Risks

Fibank's Risk function is actively working on implementing the European Central Bank guidance on climate-related and environmental risks into business strategy and risk internal procedures: revising rating models and underwriting process to include ESG and EU Taxonomy for sustainable economic activities, considering ESG risk when thinking about market liquidity and operational risks, as well as the Bank's needs to find ways how to measure and integrate ESG risk into own internal steering (KPIs). Process-wise, ESG risks have been clearly positioned as key factors for credit decision-making and are considered within the underwriting process from an industry, country and CO₂ perspective. In addition, respective sectoral strategies and related special credit policies for ESG sensitive industries, the phase-out plan of thermal coal as well as Fibank's environmental and social responsibility commitments described in the Bank's Code of Conduct (currently under development) will govern the lending practice and will be fully integrated in the underwriting process.

All borrowers (legal entities) commit to respect and apply national regulations of environmental, social, labor, occupational health and safety, and security of their business operation by General Banking Business Terms for legal entities and contractual clauses. They have the obligation to inform Fibank of the occurrence of any event related to these risks, as soon as possible, by providing the Bank with official documentation regarding the incident reporting and investigation.

5. Management of Proceeds

An amount equivalent to the net proceeds of any Fibank Green Finance Instrument will be managed by Fibank's Finance Department on an aggregated basis for multiple Green Finance Instruments (portfolio basis).

Up until the maturity of the Green Finance Instruments, Fibank will strive to maintain a volume of Eligible Green Projects in the Eligible Projects Portfolio that matches or exceeds the balance of net proceeds of outstanding Green Finance Instruments and will continue to finance and promote new Eligible Green Projects.

All Eligible Green Projects included in the Eligible Projects Portfolio will be registered in Fibank's Green Finance Instrument Portfolio which will be established to manage the allocation process.

Semi-annually, the Finance Department will review the Green Finance Instrument Portfolio to ensure eligibility of the Eligible Projects selected.

Pending full allocation or reallocation, as the case might be, of an amount equivalent to the net proceeds of Fibank's Green Finance Instruments to Eligible Green Projects, unallocated net proceeds will be held in form of temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with Fibank's treasury management policies.

As this Framework may evolve from time to time to consider the evolution of market standards and regulation, the Eligible Green Projects must meet the Eligibility Criteria at the time they are flagged as Eligible Green Projects, but subsequent changes to the Framework will not apply to outstanding Green Finance Instruments (grandfathering). Any new Green Finance Instruments shall be aligned with the most recent version of the Framework.

6. Reporting

Fibank commits to publish on its website an Allocation and Impact Report on a portfolio basis that will provide information on the green impacts of the Eligible Green Project Portfolio, highlighting the progress on the allocation of net proceeds of outstanding Green Finance Instrument(s). Reporting will be provided on Fibank’s website, on an annual basis, starting one year after issuance until full allocation, and thereafter if there are any material changes to the Eligible Green Loan Portfolio, until the maturity of Fibank’s Green Finance Instruments.

The Allocation and Impact Report is expected to disclose the amount of the Green Finance Instrument proceeds outstanding, the total amount of the proceeds allocated to Eligible Green Projects and the unallocated amount. It shall also disclose, qualitative and where possible, quantitative indicators of the Eligible Green Project Portfolio, such as:

- Total volume of Green Finance Instrument(s) issued
- Total amount and number of Eligible Green Projects
- Total amount of proceeds allocated to Eligible Green Projects
- Breakdown of allocation by Eligible Green Categories
- The geographic distribution of Eligible Green Projects
- Balance of unallocated proceeds if any.

For its Allocation and Impact Report, Fibank intends to align, on a best effort basis, with the reporting recommendations as outlined in ICMA’s “Handbook – Harmonized Framework for Impact Reporting (June 2022)”³⁴.

Within its annual Allocation and Impact Report, when relevant and feasible, Fibank will report on several Key Performance Indicators (KPIs) in aggregate at the Eligible Green Category level, including project level information where possible, for Fibank’s Green Finance Instrument(s). The following table below summarizes examples of impact indicators that could be disclosed.

Potential Green Impact Indicators

<i>Eligible Green Categories</i>	<i>Example of Impact Reporting Metrics</i>
<i>Green Buildings</i>	<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)
<i>Renewable Energy</i>	<ul style="list-style-type: none"> • Installed renewable energy capacity (MW) • Expected annual renewable energy generation (MWh) • Estimated annual GHG emission avoided (tCO₂e)
<i>Energy Efficiency</i>	<ul style="list-style-type: none"> • Annual energy savings (MWh) • Estimated annual GHG emission reduced/avoided (tCO₂e) • Number of smart meters installed, if applicable
<i>Clean Transportation</i>	<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 tCO₂e p.a.

³⁴ [ICMA Harmonised Framework for Impact Reporting 2022](#)

<i>Eligible Green Categories</i>	<i>Example of Impact Reporting Metrics</i>
	<ul style="list-style-type: none"> Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)
<i>Agriculture and Forestry</i>	<ul style="list-style-type: none"> Annual GHG emissions reduced in tCO₂e p.a. Maintenance/increase of agricultural area in km² and % annual increase (if applicable, certified by sustainable certification schemes, such as EU Organic and/or equivalent national certification schemes) 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)
<i>Pollution Prevention and Control</i>	<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 (tCO₂e p.a.)
<i>Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes</i>	<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
<i>Sustainable Water and Wastewater Management</i>	<ul style="list-style-type: none"> Annual water savings (m³) Volume of wastewater treated (m³)
<i>Terrestrial and Aquatic Biodiversity</i>	<ul style="list-style-type: none"> 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, in %
<i>Climate Change Adaptation</i>	<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

7. External Review of the Framework – Second Party Opinion (“SPO”)

To confirm the transparency and robustness of Fibank’s Green Finance Framework, Fibank has appointed Sustainalytics to provide a Second Party Opinion (“SPO”), confirming alignment with the relevant ICMA and LMA principles. The Second Party Opinion is published on Fibank’s website at <https://www.fibank.bg/en/investors>.

8. External Audit

Fibank's external auditor will provide on an annual basis, starting one year after issuance and until full allocation of any Green Finance Instrument an assurance report on the allocation of net proceeds of a Green Finance Instrument to Eligible Green Projects, as defined in this Framework.

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