

Case Study: Eire Communications Green Bond Framework

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Green Financing Framework Overview

Eire Communications Ltd. is a major telecommunications company in Ireland that provides mobile telecommunications, fixed network, internet and digital TV solutions for business and residential customers nationally. The group's stated sustainability focus areas of climate change and transparency align with the broader aim of the Green Bond Principles (GBP) to promote integrity in the green bond market through transparency, disclosure, and reporting. In our view, Eire Communications' green bond framework is aligned with the four components of the GBP.

Entity:	Eire Communications Ltd.
Subsector:	Media and Telecoms
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Green Bond Framework Alignment Overview



1. Use of proceeds

Eire Communications commits to allocate the net proceeds of green bonds issued under its green bond framework to eligible green projects that fit into three self-determined eligible categories: renewable energy, energy efficiency, and green buildings. These categories are recognized by the GBP, as they seek to contribute to the climate change mitigation environmental objective. Accordingly, in our view, Eire Communications' green bond framework is aligned with the first component of the GBP.



2. Process for project evaluation and selection

The Eire Communications' green bond framework outlines selection criteria for eligible projects that complies with Eire Communication's sustainability strategy, and contributes to achieving its environmental targets. The process for project evaluation and selection involves assessing potential environmental, social, or governance (ESG) risks in line with its ESG risk management framework. The green bond committee then reviews and validates the pool of eligible green projects to ensure that they fit in the eligible categories and contribute to the company's environmental targets. Accordingly, in our view, Eire Communications' green bond framework is aligned with the second component of the GBP.



3. Management of proceeds

Eire Communications will monitor the allocation of net proceeds from green bonds issued under its green bond framework via its internal information systems. The company intends to group all eligible green projects financed by its green bonds into a single common pool, which will further enable the proper management of proceeds. The balance of any unallocated proceeds will be managed following the company's liquidity and cash management policies. Accordingly, in our view, Eire Communications' green bond framework is aligned with the third component of the GBP.



4. Reporting

Eire Communications intends to report the allocation of proceeds until fully disbursed following its annual reporting cycle, which is available on the company's website. The company commits to providing reporting for all of its outstanding green bonds on an aggregated level. In addition, Eire Communications will provide reports on the impact of the portfolio, at least at a category level. Accordingly, in our view, Eire Communications' green bond framework is aligned with the fourth component of the GBP.

Green Bond Framework Description

1. Use of proceeds

The GBP stipulates that a seeker of finance should commit the net proceeds of an issuance exclusively to eligible green projects. Further, according to the GBP, eligible projects will seek to achieve at least one of five environmental objectives: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.

In our view, each of the three eligible categories stated in the Eire Communications' green bond framework – energy efficiency, renewable energy, and green buildings – meet at least one of the GBP environmental objectives. The energy efficiency project, which involves upgrading copper wire to fiber optic cable, in our view, contributes to the climate change mitigation objective. Similarly, we also believe that green buildings, which is the renovation of existing commercial buildings, and renewable energy – the company's commitment to install solar PV assets – also contribute to this environmental objective. Eire Communications' green bond framework also details use of proceeds criteria at the subcategory level. For example, under its green building category, the company seeks to roll out internet of things networks, which aim to support energy savings in both its own and customers' buildings. As these eligible categories meet at least one of the GBP's recognized environmental objectives, we regard Eire Communications' green bond framework as aligned with the first component of the GBP.

2. Process for project evaluation and selection

To align with the second component of the GBP, the GBP provide that a seeker of finance must explain the process by which eligible projects are selected, the related eligibility criteria applied to select those projects, including exclusionary criteria, if applicable, and the overall sustainability objectives that underpin the selection process.

Eire Communications' commitment to climate protection and increasing energy efficiency across its operations shapes its process for determining eligible categories. Eire Communications' project selection process achieves this overarching aim through what we view as a transparent project identification and selection system. The company has established a green bond committee that is responsible for selecting eligible projects according to the use of proceeds criteria and its ESG risk management framework. The committee comprises representatives from various departments, including corporate treasury, operations, engineering, and its corporate sustainability.

In outlining each of the steps for selecting eligible projects, Eire Communications demonstrates what we observe to be a high level of

transparency, and, in our view, shows alignment with the second component of the GBP.

3. Management of proceeds

To be aligned with the third component of the GBP, a seeker of finance must monitor the net proceeds of all outstanding green bond transactions, which includes tracking the proceeds appropriately and adjusting the balance of net proceeds to match allocations to eligible green projects. Similarly, to be aligned with the GBP, a seeker of finance must also disclose to investors the intended types of temporary placement it intends to use for unallocated proceeds.

Eire Communications' green bond framework outlines its plans to allocate all proceeds from a green bond issuance to a portfolio of eligible green project categories. Further, in its green bond framework, it commits to monitor the allocation of proceeds from its green bond issuances through an internal information system, and to substitute any redeemed loans or any other type of financing that ceases to be an eligible project as soon as practicable. The company also states in its green bond framework that all unallocated net proceeds will be held either as cash or other liquid marketable instruments. As the green bond framework details how Eire Communications plans to monitor the net proceeds of all outstanding green bond transactions, we regard it as aligned with the third component of the GBP.

4. Reporting

The GBP stipulates that the seeker of finance should report on the use of proceeds on an annual basis until full allocation. Information presented in the annual report must include a list of the projects that receive financing, a description of each project, including the amount allocated to each project, and their expected environmental impact.

Eire Communications, in our view, meets these aspects necessary for alignment with the GBP by stating in its green bond framework that it will report annually on the allocation of proceeds and on the environmental impact, where feasible, of eligible green projects until full allocation of the net proceeds of any green bonds it issues. Eire Communications' green bond framework also states that allocation reporting will include the total amount of investments and expenditures in the eligible green projects portfolio, the amount or percentage of new and existing projects, and the balance of unallocated proceeds. Further, the company outlines in its green bond framework a set of quantitative indicators it will use to provide environmental impact reporting for each category. Energy efficiency impact indicators that will be included in annual impact reporting are described to be direct energy savings, increase of efficiency, annual scope 1 and 2 GHG emissions, and GHG intensity, while renewable energy impact indicators will include

additional energy capacity and annual GHG emissions avoided. As the green bond framework outlines how its annual reports will cover all of the required aspects stipulated in the GBP, we regard this green bond framework as aligned with the fourth component of the GBP.

Issuer Sustainability Objectives

The sustainability strategy articulated in Eire Communications' green bond framework involves a commitment to the three components of sustainable development: social, environmental, and economic development. The strategy defines its three main objectives for 2030 as promoting energy efficiency and climate change mitigation, supporting diversity and inclusion within the company, and being a key player in the digitalization of Ireland.

Additionally, the company writes in its green bond framework that it has established 12 commitments for a better future across four pillars: economic, social, civic, and environmental responsibilities. The company also states in its green bond framework that they have adopted several action plans to meet the United Nations Sustainable Development Goals, including targeted action on no. 5 Gender Equality and no. 9 Industry, Innovation, and Infrastructure.

Additional Features Of The Framework

We observe that Eire Communications' green bond framework follows the majority of voluntary guidelines provided by the GBP – i.e., those not necessary for alignment. Its green bond framework also demonstrates the company's commitment to transparency and disclosure, which acts to promote integrity in the development of the green bond market – a chief aim of the GBP. In our view the key strengths of Eire Communications' green bond framework include the below points.

- The GBP recommends an external review for the process for project evaluation and selection and management of proceeds. We observed that Eire Communications' green bond framework commits to external review across all components going beyond the GBP recommendations. Specifically, it states that independent auditors will provide annual assurance on the allocation of net proceeds (management of proceeds), the conformity of the eligible green projects with Eire Communications' eligibility criteria (use of proceeds, and process for project evaluation and selection), the relevant impact indicators (reporting), and an alignment opinion with the GBP.
- The green bond framework clearly outlines the rationale for the categories and technologies that it deems eligible for financing with the proceeds of green bonds. In doing so, we believe that the green bond framework follows the recommendation of the GBP to provide

a clear process and disclosure to investors, thus facilitating and promoting integrity in the development of the green bond market.

- Though not mandated, the GBP recommends that issuers adopt qualitative performance indicators and quantitative performance measures, which Eire Communications does. Moreover, the green bond framework discloses the methodology the company uses to estimate the tCO₂e avoided for its invested projects – the European Investment Bank's Project Carbon Footprint Methodology. This green bond framework also commits to following the guidelines outlined in the Harmonized Framework for Impact Reporting. Collectively, we believe that these efforts enable investors to evaluate the environmental impact of their green bond investments, which we view as a positive feature.

Though this green bond framework, in our view, is aligned with the four components of the GBP and delivers on many of the recommendations, the framework has some limitations, including:

- The GBP recommends that for management of proceeds, the issuer seeks an auditor's review to verify the internal tracking method and the allocation of funds from the green bond proceeds. Eire Communications' green bond framework, in our view, only meets the latter of these recommendations.
- Though the process for project selection in the green bond framework is described using both text and an infographic, it is our view that the eligible project selection process provides only limited details, which may obfuscate the environmental credibility message being relayed to prospective investors.

Conclusion

Based on our assessment of the contents of Eire Communications' green bond framework, we regard this framework as being aligned with the four components of the GBP given that the seeker of finance has committed to:

- Allocate the full amount of the net proceeds of bonds to eligible green projects, as defined by the seeker of finance;
- Use clear "green" criteria" (as defined by the seeker of finance) to select projects for funding;
- Manage and track proceeds; and
- Commit to regular reporting of environmental impact and use of proceeds.

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