

## REPORT REVIEW

# Republic of Serbia Green Bond Report

Green Bond Report Republic of Serbia

15 January 2024

## VERIFICATION PARAMETERS

<b>Type(s) of reporting</b>	<ul style="list-style-type: none"><li>Green Allocation and Impact Report</li></ul>
<b>Relevant standard(s)</b>	<ul style="list-style-type: none"><li>Harmonized Framework for Impact Reporting (HFIR), updated June 2023, as administered by International Capital Market Association (ICMA)</li><li>Republic of Serbia's Green Bond Report (as of January 9, 2024)</li></ul>
<b>Scope of verification</b>	<ul style="list-style-type: none"><li>Republic of Serbia's Green Bond Framework (as of August 2021)</li><li>Bond(s) identification: XS2388561677 (Reg S Notes)/XS2388558889 (Rule 144A Notes) / September 23, 2028 (EUR 1,000,000,000)</li></ul>
<b>Lifecycle</b>	<ul style="list-style-type: none"><li>Post-issuance verification</li></ul>
<b>Validity</b>	<ul style="list-style-type: none"><li>As long as no changes are undertaken by the Issuer to its Green Bond Report as of January 9, 2024</li></ul>

## CONTENTS

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SCOPE OF WORK.....	3
ASSESSMENT SUMMARY.....	4
REPORT REVIEW ASSESSMENT.....	5
PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE GREEN BOND FRAMEWORK .....	5
PART II: ASSESSMENT AGAINST THE ICMA HARMONIZED FRAMEWORK FOR IMPACT REPORTING.....	7
PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS.....	13
ANNEX 1: Methodology .....	23
ANNEX 2: Quality management processes .....	24
About this Report Review .....	25

## SCOPE OF WORK

Republic of Serbia (“the Issuer” or “Serbia”) commissioned ISS-Corporate to provide a Report Review<sup>1</sup> on its Green Bond Report by assessing:

1. The alignment of the Republic of Serbia’s Green Bond Report with the commitments set forth in Republic of Serbia Green Bond Framework (as of August 2021).<sup>2</sup>
2. Republic of Serbia’s Green Bond Report - benchmarked against the Harmonized Framework for Impact Reporting (HFIR), updated June 2023, as administered by International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators – whether the impact metrics align with best market practices and are relevant to the Green Bond issued.

<sup>1</sup> A limited or reasonable assurance is not provided on the information presented in Republic of Serbia Green Bond Report. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards Green Bond core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer [or Republic of Serbia] is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

<sup>2</sup> The Framework was assessed as aligned with the Green Bond Principles as of September 2, 2021.

## ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p><b>Part 1.</b></p> <p><b>Alignment with the Issuer's commitments set forth in the Framework</b></p>	<p>The Republic of Serbia's Green Bond Report meets the Issuer's commitments set forth in the Green Bond Framework. The proceeds have been used to (re)finance Transport, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Circular Economy, Protection of Environment, Biodiversity, and Sustainable Agriculture, Energy Efficiency, and Renewable Energy.</p>	<b>Aligned</b>
<p><b>Part 2.</b></p> <p><b>Alignment with the Harmonized Framework for Impact Reporting</b></p>	<p>The Green Bond Report is in line with ICMA's Harmonized Framework for Impact Reporting. The Issuer follows core principles and where applicable key recommendations.</p> <p>The Issuer reports on an annual basis and illustrates through its KPIs the environmental impacts generated by its Green Bonds. The Republic of Serbia also has an ESG Risk Management process for the environmental and social risks associated with its eligible projects. Allocated proceeds have been reported in a single currency (EUR).</p>	<b>Aligned</b>
<p><b>Part 3.</b></p> <p><b>Disclosure of proceeds allocation and soundness of reporting indicators</b></p>	<p>The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible green categories as proposed in the Framework.<sup>3</sup></p> <p>The Republic of Serbia's Green Bond Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices.</p>	<b>Positive</b>

<sup>3</sup> The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

## REPORT REVIEW ASSESSMENT

### PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE GREEN BOND FRAMEWORK<sup>4</sup>

The following table evaluates the Green Bond Report against the commitments set forth in Republic of Serbia's Framework, which are based on the core requirements of the Green Bond Principles, as well as best market practices.

GBP	OPINION	ALIGNMENT WITH COMMITMENT
<p><b>1. Use of Proceeds</b></p>	<p>Republic of Serbia confirms to follow the Use of Proceeds' description provided by Serbia's Green Bond Framework. The report is in line with the initial commitments set in the Serbia's Green Bond Framework.</p> <p>The Issuer's green categories align with the project categories and are in accordance with the eligibility criteria set in the Serbia's Green Bond Framework.</p> <p>Moreover, the Issuer explicitly excludes harmful project categories such as fossil fuel exploration and production, manufacturing and production of armaments, tobacco and alcoholic products, gambling, deforestation, and expenditures that violate the Constitution of Serbia, the EU Charter of Fundamental Rights, and national laws or regulations.</p>	<p>✓</p>
<p><b>2. Process for Project Evaluation and Selection</b></p>	<p>Republic of Serbia confirms to follow the Process for Expenditure Evaluation and Selection description provided by Republic of Serbia's Green Bond Framework. The report is in line with the initial commitments set in the Serbia's Green Bond Framework.</p> <p>The selected projects are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria. ESG risks associated with</p>	<p>✓</p>

<sup>4</sup> The Serbia Green Bond Framework was assessed as aligned with the GBP (as of June, 2021) as of as of September 2, 2021.

	<p>the green categories are identified and managed through an appropriate process.</p> <p>Moreover, the Issuer confirms the involvement of various stakeholders in the process.</p>	
<b>3. Management of Proceeds</b>	<p>Republic of Serbia confirms to follow the Process for Management of Proceeds description provided by Republic of Serbia's Green Bond Framework. The report is in line with the initial commitments set in the Serbia's Green Bond Framework.</p> <p>The proceeds collected are equal to the amount allocated to eligible green expenditures, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process.</p> <p>Moreover, the Issuer confirms the expected allocation period of 24 months and the reallocation period of 12 months.</p>	✓
<b>4. Reporting</b>	<p>The Republic of Serbia Impact Report is coherent with the Reporting description provided by Republic of Serbia's Green Bond Framework. The report is in line with the initial commitments set in the Serbia's Green Bond Framework.</p> <p>The sections "Allocation reporting" and "Impact Reporting" of the Green Bond Report comply with the pre-issuance commitment expressed in the Framework. The report is intended to be publicly available to the borrowers.<sup>5</sup></p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	✓
<b>5. Verification</b>	<p>ISS-Corporate<sup>6</sup> has provided a Second Party Opinion (SPO) on Republic of Serbia's Green Bond Framework.</p>	

<sup>5</sup> Republic of Serbia's Green Allocation and Impact Report will be available at <https://javnidug.gov.rs/en/zelenoobveznice>.

<sup>6</sup> At the time the SPO was published, the name was ISS-ESG.

## PART II: ASSESSMENT AGAINST THE ICMA HARMONIZED FRAMEWORK FOR IMPACT REPORTING

### FOR GREEN BONDS

Reporting is a core component of the Green Bond Principles and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Green bond Issuers are required to report on both the use of green bond proceeds, as well as the environmental impacts at least on an annual basis until full allocation or maturity of the bond. The Harmonized Framework for Impact Reporting has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Republic of Serbia’s Green Bond Report against ICMA Harmonized Framework for Impact Reporting

CORE PRINCIPLES		
ICMA HFIR	GREEN BOND REPORT	ASSESSMENT
Reporting on an annual basis	The Republic of Serbia has reported within one year from issuance, and as of December 2023, all the proceeds have been fully allocated. The report will be available on the Republic of Serbia’s website.	✓
Illustrating the environmental impacts or outcomes	<p>The assessment and measurement of the impacts generated by Republic of Serbia Green Bonds covered the following areas:</p> <p>Transport</p> <ul style="list-style-type: none"> <li>a. Number of calls issued for transport enhancement.</li> <li>b. Total length of constructed and modernized railways (km).</li> <li>c. Number of Electric Motor Units (EMUs) for trains.</li> <li>d. Total number of subsidized green vehicles.</li> <li>e. Total funding from Green Bonds.</li> </ul> <p>Sustainable Water and Wastewater Management</p> <ul style="list-style-type: none"> <li>a. Number of projects funded.</li> </ul>	✓

- b. Number of interventions on reservoirs and water supply systems.
- c. Constructions and restorations of reservoir storage capacity (m<sup>3</sup>).
- d. Length of wastewater networks installed/maintained (km).

#### Pollution Prevention and Control, and Circular Economy

- a. Number of projects funded.
- b. Number of polluted sites under remediation.
- c. Size of polluted sites under remediation (km<sup>2</sup>).
- d. Share of remediated sites redeveloped for same or other uses (%).

#### Protection of Environment, Biodiversity, and Sustainable Agriculture

- a. Number of projects funded.
- b. Area of (improved) sustainable forest management (ha).
- c. Area protected/restored/maintained (ha).

#### Energy Efficiency

- a. Number of calls issued for energy efficiency enhancement.
- b. Number of buildings to be refurbished to at least the threshold defined under Serbian building standards under the calls (m<sup>2</sup> floor area of public buildings to be refurbished).
- c. Number of public and private buildings to be refurbished to at least the threshold defined under Serbian building standards under the calls.
- d. Estimated CO<sub>2</sub> savings (CO<sub>2</sub> savings by sector and total in tCO<sub>2</sub>/year).



	<ul style="list-style-type: none"> <li>e. Estimated CO<sub>2</sub> savings (CO<sub>2</sub> savings by sector and total in tCO<sub>2</sub>/lifetime, estimated lifetime: 20 years).</li> <li>f. Estimated energy savings (energy savings by sector in GWh/year).</li> <li>g. Estimated energy savings (total energy savings in GWh/lifetime, estimated lifetime: 20 years).</li> </ul> <p>Renewable Energy</p> <ul style="list-style-type: none"> <li>a. Annual GHG emissions avoided (tCO<sub>2</sub>/year).</li> <li>b. Annual GHG emissions avoided (tCO<sub>2</sub>/lifetime, estimated lifetime: 25 years).</li> <li>c. Nominal installed capacity in renewable energy sources (MW).</li> <li>d. Annual energy savings (MWh/year).</li> <li>e. Annual energy savings (MWh/lifetime, estimated lifetime: 25 years).</li> <li>f. Number of renewable energy projects financed by green bonds.</li> <li>g. Total funding from green bonds for renewable energy (EUR and/or %).</li> </ul>	
<p>ESG Risk Management</p>	<p>The Issuer confirms that it managed environmental and social risks associated with eligible projects in compliance with national legislations ensuring environmental and social protection. Examples of national legislation include the Nature Protection of the Republic of Serbia, Environmental Protection, Employment Act, and Safety and Health at Work. Additionally, environmental impact assessments are conducted for all eligible expenditures.</p> <p>The Issuer also has due diligence processes in place that require enterprises that are managing projects to receive ISO 14001, and ISO 90001 certifications, or demonstrate a strategy to implement these certifications.</p>	<p style="text-align: center;">✓</p>

Allocation of proceeds - Transparency on the currency	Allocated proceeds have been reported in a single currency (EUR).	✓
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RECOMMENDATIONS		
ICMA HFIR	GREEN BOND REPORT	ASSESSMENT
Define and disclose period and process for Expenditure Evaluation and Selection	<p>The entirety of the proceeds has been allocated to Green Assets. No modification (removal or additional projects) of the portfolio is planned.</p> <p>The Issuer followed a transparent process for selection and evaluation of Eligible Green Bond Expenditures. Projects financed and/or refinanced through the Green Bonds issued under the Green Bond Framework were evaluated and selected based on compliance with the Eligibility Criteria as laid out in the Framework.</p>	✓
Disclose total amount of proceeds allocated to eligible disbursements	A total of EUR 1 billion has been raised through Issuer’s Green Bond. 100% of the proceeds have been allocated to Green Assets as of December 2023.	✓
Formal internal process for the allocation of proceeds and to report on the allocation of proceeds	The Issuer followed a transparent process for the allocation of proceeds.	✓
Report at project or portfolio level	The Green Bond Report includes the total amount of proceeds allocated per eligible expenditure category.	✓
Describe the approach to impact reporting	The Issuer identifies the specific eligible green expenditures and clearly defines, for each green category, the total project’s allocated proceeds.	✓
Report the estimated lifetime results and/or	The Issuer does not report on the average portfolio lifetime results or economic life (in years) for both the eligible project category and the subcategories.	-

<p>project economic life (in years)</p>		
<p>Ex-post verification of specific projects</p>	<p>The Issuer currently does not have ex-post verification of specific projects.</p>	<p>-</p>
<p>If there is no single commonly-used standard, Issuers may follow and disclose their own calculation methodologies</p>	<p>The Issuer has transparently disclosed its calculation methodology for the metrics reported.</p> <p>Transport: The impact of the expenditures was analyzed through data on the total length of railways built and modernized, the number of efficient trains procured, the total number of subsidized green vehicles, and the number of calls to improve the transport sector. The data was obtained from the Republic of Serbia’s Ministry of Construction, Transport and Infrastructure with an exception for data on green vehicles. The data on green vehicles was obtained from the Ministry of Environmental Protection.</p> <p>Sustainable Water and Wastewater Management: The allocated proceeds were directed to projects including water supply, wastewater sewage, construction of accumulation dams, flood defense systems and irrigation systems. The data was collected from the Ministry of Environmental Protection, Ministry of Construction, Transport and Infrastructure, and the Ministry of Agriculture, Forestry, and Water Management. The impacts of the financed proceeds are assessed through the number of financed projects, number of interventions on reservoirs and water systems, the capacity of reservoirs and the length of installed/ maintained sewage networks.</p> <p>Energy Efficiency: The impacts of these projects were measured through reduction of GHG emissions and energy savings. These values were collected by the Ministry of Mining and Energy for energy efficiency improvement</p>	<p>✓</p>

	<p>projects in public and residential buildings throughout Serbia. Additional indicators include number of calls for energy efficiency improvements, the number of renovated buildings and single-family homes, and the total renovated area in public buildings.</p> <p>Renewable Energy: The impacts of the financed projects are determined through calculated savings of GHG emissions and annual energy savings, nominal installed capacity of Renewable Energy Sources financed by the green bond, which equates to the number of households with installed solar panels. The data was obtained from the Ministry of Mining and Energy.</p>	
Disclosure on the conversion approach (if applicable)	N/A	N/A
Projects with partial eligibility	The Issuer confirms full eligibility of the projects financed through the bond proceeds.	✓
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Republic of Serbia's projects is reported separately per category and sub-category on an aggregated basis.	✓

OPINION

*The Republic of Serbia follows the HFIR's core principles and key recommendations. The Issuer provides transparency on the level of expected reporting as well as on the frequency, scope, and duration, aligned with best practices. The allocation reporting includes all the financed proceeds, including the share of proceeds per eligible category. The Issuer reported annually, and illustrated the environmental impacts of the projects, and reported in one currency.*

## PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

### Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' categories.

The Use of Proceeds allocation reporting occurred within one year from the issuance, until full allocation of the proceeds.

This is the second year of allocation reporting and the 4.9% of allocation in 2023 compares with the 24.9% of allocation in 2022. All proceeds have been allocated as of December 2023. The Use of Proceeds allocation reporting occurred within the regular annual cycle from the issuance.

### Proceeds allocated to eligible expenditures/projects

The proceeds' allocation is broken down at the green category level. The Issuer has provided details about the type of projects included in the portfolio.

The allocation report section of the Green Bond Report of Republic of Serbia aligns with best-market practices by providing information on:

- Allocation of the issued Green Bonds to Green Categories overview
- Eligible Green Expenditures description (an aggregated basis)
- Proportion of use of proceeds between refinancing and new financing
- Breakdown of the type of Eligible Green Expenditures
- The amount of allocated proceeds
- The amount of unallocated proceeds and the expected allocation period

### Impact Reporting Indicators

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome, and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<p><b>Relevance</b></p>	<p>The impact indicator chosen by the Issuer for this bond is the following:</p> <p>Transport</p> <ul style="list-style-type: none"> <li>a. Number of calls issued for transport enhancement.</li> <li>b. Total length of constructed and modernized railways (km).</li> <li>c. Number of EMUs for trains.</li> <li>d. Total number of subsidized green vehicles.</li> <li>e. Total funding from Green Bonds.</li> </ul> <p>Sustainable Water and Wastewater Management</p> <ul style="list-style-type: none"> <li>a. Number of projects funded.</li> <li>b. Number of interventions on reservoirs and water supply systems.</li> <li>c. Constructions and restorations of reservoir storage capacity (m<sup>3</sup>).</li> <li>d. Length of wastewater networks installed/maintained (km).</li> </ul> <p>Pollution Prevention and Control, and Circular Economy</p> <ul style="list-style-type: none"> <li>a. Number of projects funded.</li> <li>b. Number of polluted sites under remediation.</li> <li>c. Size of polluted sites under remediation (km<sup>2</sup>).</li> <li>d. Share of remediated sites redeveloped for same or other uses (%).</li> </ul> <p>Protection of Environment, Biodiversity, and Sustainable Agriculture</p> <ul style="list-style-type: none"> <li>a. Number of projects funded.</li> <li>b. Area of (improved) sustainable forest management (ha).</li> <li>c. Area protected/restored/maintained (ha).</li> </ul> <p>Energy Efficiency</p> <ul style="list-style-type: none"> <li>a. Number of calls issued for energy efficiency enhancement.</li> </ul>

	<ul style="list-style-type: none"> <li>b. Number of buildings to be refurbished to at least the threshold defined under Serbian building standards under the calls (m<sup>2</sup> floor area of public buildings to be refurbished).</li> <li>c. Number of public and private buildings to be refurbished to at least the threshold defined under Serbian building standards under the calls.</li> <li>d. Estimated CO<sub>2</sub> savings (CO<sub>2</sub> savings by sector and total in tCO<sub>2</sub>/year).</li> <li>e. Estimated CO<sub>2</sub> savings (CO<sub>2</sub> savings by sector and total in tCO<sub>2</sub>/lifetime, estimated lifetime: 20 years).</li> <li>f. Estimated energy savings (energy savings by sector in GWh/year).</li> <li>g. Estimated energy savings (energy savings by sector in GWh/lifetime, estimated lifetime: 20 years).</li> </ul> <p>Renewable Energy</p> <ul style="list-style-type: none"> <li>a. Annual GHG emissions avoided (tCO<sub>2</sub>/year).</li> <li>b. Annual GHG emissions avoided (tCO<sub>2</sub>/lifetime, estimated lifetime: 25 years).</li> <li>c. Nominal installed capacity in renewable energy sources (MW).</li> <li>d. Annual energy savings (MWh/year).</li> <li>e. Annual energy savings (MWh/lifetime, estimated lifetime: 25 years).</li> <li>f. Number of renewable energy projects financed by green bonds.</li> <li>g. Total funding from green bonds for renewable energy (EUR and/or %).</li> </ul> <p>This indicator is qualitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for project categories listed above by HFIR as at least one impact indicator per project category is in line with core indicators from HFIR. This aligns with best market practices.</p>
<p><b>Data sourcing and methodologies of quantitative assessment</b></p>	<p>For its impact indicator(s), Reporting is based on “ex-ante” estimates of climate and environmental impacts at the time of project appraisal and data from the Government of Serbia’s internal data as well as publicly available sources for the reported result. When in the absence of quantitative impact data, qualitative information is</p>

used to facilitate a better understanding of the environmental impact through the green bond.

Impact reporting data was collected and processed by governmental ministries. Historical data from domestic and international sources was used to determine the baseline values to measure the impacts of the projects. Following are examples quoted in the green bond reporting:

The methodology for estimating the GHG mitigation impacts for financing electric vehicles includes estimates on specific energy consumption/ km and the annual distance travelled for both the subsidized new vehicles and the replaced vehicles. The Issuer notes that given the lack of detail technical data available, several assumptions and approximations were utilized to measure this indicator.

The methodology for estimating GHG mitigation impacts for afforestation projects includes IPCC "Good Practice Guidance for Land Use, Land-Use Change and Forestry":

$$\Delta C = \Delta C_{LB} + \Delta C_{DOM} + \Delta C_{SOIL}$$

$\Delta C$  is the annual change in carbon stock for land converted to forest (tonnes C per year)

$\Delta C_{LB}$  is the annual change in carbon stock in the form of living biomass

$\Delta C_{DOM}$  is the annual change in carbon stock in the form of dead organic matter

$\Delta C_{SOIL}$  is the annual change in soil organic carbon




The methodology for estimating the GHG mitigation impacts of the construction, reconstruction, and modernization of railway tracks. Estimates regarding the kilometers travelled by passengers pre and post projects, passenger volume, the estimated carbon intensities of high-speed trains and the average occupancy of cars were used to measure this indicator. Estimates regarding the financing of freight railways were made using research studies on the carbon emissions of freight transport by road and rail. The Issuer notes that the actual carbon emissions for rail transport in Serbia may be higher than the estimate given the high carbon intensity of Serbia's power generation.





	<p>Sustainable Water and Wastewater Management: The allocated proceeds were directed to projects including water supply, wastewater sewage, construction of accumulation dams, flood defense systems and irrigation systems. The data was collected from the Ministry of Environmental Protection, Ministry of Construction, Transport and Infrastructure, and the Ministry of Agriculture, Forestry, and Water Management. The impacts of the financed proceeds are assessed through the number of financed projects, number of interventions on reservoirs and water systems, the capacity of reservoirs (m<sup>3</sup>), and the length of installed/maintained sewage networks (km).</p> <p>Pollution Prevention and Control, and Circular Economy: The impact of the financed projects is measured through data on the number of polluted sites under remediation, the size of polluted sites under remediation (km<sup>2</sup>), and the share of remediated sites converted (%). The data was calculated based on the data received from the Ministry of Environmental Protection. The methodology for calculating the total amount of municipal waste and the degree of recycling in the Republic of Serbia is aligned with the requirements of the Implementation Decision of the Commission (EU) 2019/1004 on establishing rules for the calculation, verification, and reporting of waste data in line with Directive 2008/98/EC, and reporting to Eurostat.</p>
<p><b>Baseline selection</b></p>	<p>Baseline values for some impact reporting indicators are available which are determined by existing historical data sources. However, it is worth noting that some baseline values are not directly comparable due to the different being used between baseline values and impact indicators. Besides that, if historical data does not exist to create the baseline, peer-reviewed sources or reports published by international institutions and economic and engineering analyses and models are utilized.</p>
<p><b>Scale and granularity</b></p>	<p>The impact data is presented at the Use of Proceed category level for the indicator(s).</p>

## High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the green categories financed and refinanced by the bonds as disclosed in the Issuer’s Green Bond Reporting, the impact indicator(s) adopted by the Republic of Serbia for its Green Bonds can be mapped to the following SDGs, according to the ICMA “A High -Level Mapping to the Sustainable Development Goals”.<sup>7</sup>

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Transport</b></p> <ul style="list-style-type: none"> <li>a. Number of calls issued for transport enhancement.</li> <li>b. Total length of constructed and modernized railways (km).</li> <li>c. Number of EMUs for trains.</li> <li>d. Total number of subsidized green vehicles.</li> <li>e. Total funding from Green Bonds.</li> </ul>	
<p><b>Sustainable Water and Wastewater Management</b></p> <ul style="list-style-type: none"> <li>a. Number of projects funded.</li> <li>b. Number of interventions on reservoirs and water supply systems.</li> <li>c. Constructions and restorations of reservoir storage capacity (m<sup>3</sup>).</li> <li>d. Length of wastewater networks installed/maintained (km).</li> </ul>	
<p><b>Pollution Prevention and Control, and Circular Economy</b></p> <ul style="list-style-type: none"> <li>a. Number of projects funded.</li> <li>b. Number of polluted sites under remediation.</li> <li>c. Size of polluted sites under remediation (km<sup>2</sup>).</li> </ul>	

<sup>7</sup> [ICMA’s Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds](#)

<p>d. Share of remediated sites redeveloped for same or other uses (%).</p>	
<p><b>Protection of Environment, Biodiversity, and Sustainable Agriculture</b></p> <p>a. Number of projects funded.</p> <p>b. Area of (improved) sustainable forest management (ha).</p> <p>c. Area protected/restored/maintained (ha).</p>	
<p><b>Energy Efficiency</b></p> <p>a. Number of calls issued for energy efficiency enhancement.</p> <p>b. Number of buildings to be refurbished to at least the threshold defined under Serbian building standards under the calls (m<sup>2</sup> floor area of public buildings to be refurbished).</p> <p>c. Number of public and private buildings to be refurbished to at least the threshold defined under Serbian building standards under the calls.</p> <p>d. Estimated CO<sub>2</sub> savings (CO<sub>2</sub> savings by sector and total in tCO<sub>2</sub>/year).</p> <p>e. Estimated CO<sub>2</sub> savings (CO<sub>2</sub> savings by sector and total in tCO<sub>2</sub>/lifetime, estimated lifetime: 20 years).</p> <p>f. Estimated energy savings (energy savings in GWh/year).</p> <p>g. Estimated energy savings (total energy savings in GWh/lifetime, estimated lifetime: 20 years).</p>	

### Renewable Energy

- a. Annual GHG emissions avoided (tCO<sub>2</sub>/year).
- b. Annual GHG emissions avoided (tCO<sub>2</sub>/lifetime, estimated lifetime: 25 years).
- c. Nominal installed capacity in renewable energy sources (MW).
- d. Annual energy savings (MWh/year).
- e. Annual energy savings (MWh/lifetime, estimated lifetime: 25 years).
- f. Number of renewable energy projects financed by green bonds.
- g. Total funding from green bonds for renewable energy (EUR and/or %).



### OPINION

*The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible green categories/projects categories as proposed in the Framework, and the Green Bond Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices. Besides, the impact indicators used align with best market practices using ICMA's HFIR recommended metrics.*

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The parent company of Institutional Shareholder Services ("ISS"), ISS HoldCo Inc., has since February 2021 been principally owned by Deutsche Börse AG ("DB") with the remainder

owned by Genstar Capital (“Genstar”) and ISS management. In April 2023, DB announced its intention to combine ISS with Qontigo,

another entity controlled by DB, with General Atlantic to become the sole minority shareholder of the combined entity. The combination is expected to be completed in the third quarter of 2023. In July 2023, the stakes of Genstar and ISS management in ISS HoldCo Inc. were acquired by DB. The non-interference and similar policies implemented by ISS related to Genstar are no longer applicable and disclosures regarding Genstar and ISS management’s ownership of ISS are withdrawn.

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## ANNEX 1: Methodology

### Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labelled transactions reporting against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.issgovernance.com/file/publications/SPO-Report-Reviews.pdf>

### High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to which the Issuers reporting and project categories contribute to related SDGs is identified.

## ANNEX 2: Quality management processes

### ISSUER'S RESPONSIBILITY

Issuer's responsibility was to provide information and documentation on:

- Green Bond Report
- Green Bond Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with the Republic of Serbia took place from November 2023 to January 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.



## About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent Report Review so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

**Learn more:** <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on Report Review services, contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

### Project team

#### Project lead

Vittoria Favalaro

Analyst

Sustainable Finance Research

#### Project support

Anchal Verma

Sr. Associate

Sustainable Finance Research

#### Project supervision

Marie-Bénédicte

Beaudoin

Associate Director

Head of Sustainable

Finance Research