

# Green financing, key to safe and sustainable management

## New Green Bond

The issuance of a \$300 million green bond in July 2024 marks a new milestone in the sustainable financing of Georgia Global Utilities JSC, Aqualia's Georgian subsidiary. What were the objectives of this issuance?

There are many reasons that motivated the issuance of this green bond. Firstly, in recent years we have continued working with infrastructure inherited from the Soviet era, whose rehabilitation requires significant investment. Therefore, access to these financial mechanisms is crucial to ensure safe and sustainable management of services.

The green bond also reflects our commitment to ESG criteria and the Sustainable Development Goals, which are increasingly valued by investors and other stakeholders. This project also contributes to enhancing our corporate reputation and brand image in the sector both locally and internationally. An improvement that undoubtedly benefits our collaboration with international organisations involved in sustainable water management in Georgia.

Green bonds are used to finance or refinance green projects, i.e., investment in sustainable and socially responsible assets in areas as diverse as renewable energy, energy efficiency, clean transport, or responsible waste management. Their existence also allows access to specialised green financing programmes and incentives. In our case, GGU also received a grant from the German Development Finance Institution (DEG) to develop an integrated

management plan for the Tbilisi reservoir watershed, which is one of the most important elements of the water supply system for the Georgian capital. We are currently working with our key investors on educational and awareness projects on sustainable water management for a wide range of stakeholders.

## Eligible Projects

What are the main criteria for selecting projects?

An eligible GGU project must meet the established eligibility criteria and contribute to environmental sustainability. GGU establishes a budgetary catalogue for the application of funds and specifies the eligibility criteria applicable to all its projects under the taxonomy that classifies them as green and highlights how each category can drive the Sustainable Development Goals (SDGs), particularly SDG 6, as well as other related SDGs such as 11, 13, and 14. Additionally, where possible, the applicable eligibility criteria have been designed to comply with the technical selection criteria established in the EU taxonomy.

Eligible GGU projects include financing the development, rehabilitation, maintenance, supervision, and operation of water projects that support the reduction of non-revenue water; increasing the number of people with access to clean drinking water and sanitation; the annual reduction of energy consumption for the water supply system, etc. Notably, projects aimed at reducing water losses throughout the water cycle, including water metering,



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developing smart networks, ensuring water quality/quantity, modernising drinking water treatment facilities, ensuring sustainable management of water distribution systems, modernising pumping stations, maintaining gravity-fed canal systems, protecting groundwater and aquifers, etc.

To ensure that allocations are directed to eligible green projects, we have created a Sustainable Bonds Committee, responsible for ensuring compliance with the approved criteria and approving allocation and impact reports.

## Funded Projects

Among the projects and assets covered by green financing, which would you highlight and why?

In 2024, within the framework of eligible green projects, we allocated around 29 million Georgian laris to rehabilitate the water supply network. This investment is aimed at reducing water losses and stabilising the distribution network. Additionally, nearly 4 million were dedicated to zoning and pump replacement projects, which help reduce energy consumption.

## Next Steps

After this milestone, what other steps will be taken to continue contributing to sustainable development in Georgia?

We will focus our efforts on the sustainable management of water resources. In this regard, one of our main challenges is reducing water losses, so projects aimed at this goal are a priority and will remain so for at least the next five years.

The digitalisation and automation of the water supply system is another of our most relevant goals. Future investment plans include projects for efficient water distribution, leak detection, and improving energy efficiency, water conservation, and pollution prevention.

Additionally, other areas of action for the coming years include the professional development of our teams, climate risk assessment in assets and operations, biodiversity management plans, and collaboration with international organisations on environmental protection projects.