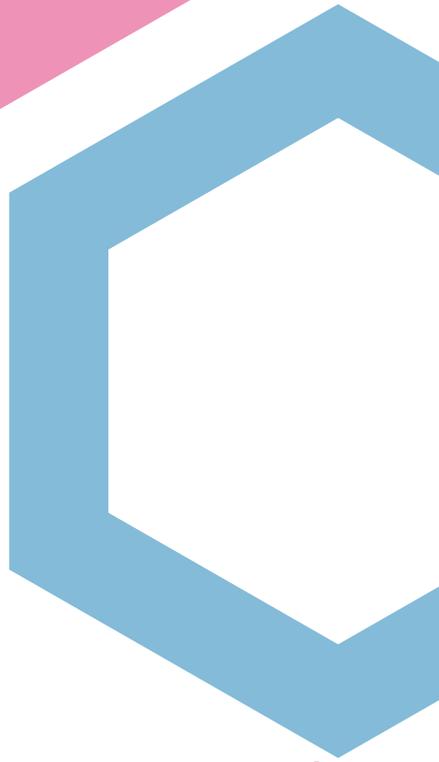
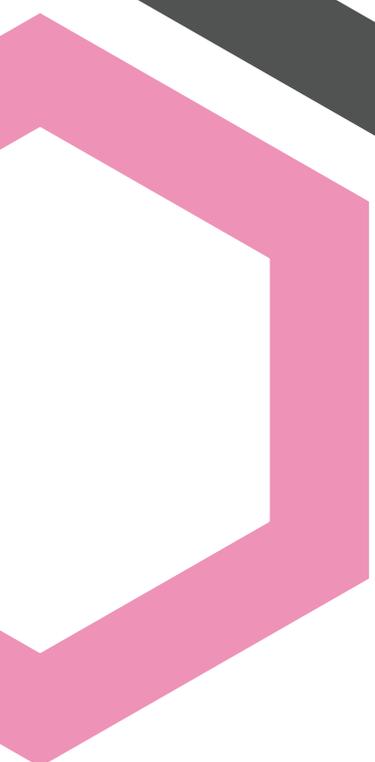




SCENARIO

SUSTAINABLE INVESTMENT AND FINANCIAL MODELS FOR GREEN BUSINESSES



Co-funded by
the European Union



GREEN
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FOUNDATION



Module 3: „Sustainable business and finance“

Topic: „Sustainable investment and financial models for green enterprises“

Duration: 8h (depending on the size of the group and advancement, the duration of the module can be varied flexibly)

Participants: Green Leaders working in the local environment

Description: Training „Sustainable investment and financial models for green enterprises“ is dedicated to green leaders who want to learn about the instruments of green financing and socially engaged investing and aim to effectively use these solutions in their teams or organizations. The training will also enable participants to learn about European funds dedicated to environmental protection and sustainable development and the forms of financing available within their framework, which can influence, among other things, the effective implementation of green initiatives.

Training Objective: The purpose of the training is to provide participants with knowledge of green finance and socially engaged investing in order to skillfully and effectively use the instruments available within their framework. The training is designed to help participants understand what green finance and green investment are, as well as to learn how to use the instruments and solutions they offer in their work as a green leader. The training is also aimed at learning about and effectively using European funding dedicated to environmental protection and sustainable development.

Learning outcomes:

After completing the training:

- Participants will gain knowledge of what socially engaged investing is, learn about its role, importance and the instruments used to implement green investing,
- Participants will learn what green finance is, its concept and importance.
- Leaders will learn about green financial instruments, how to use them effectively, and the benefits and possible risks associated with them.
- Participants will learn about European funds dedicated to environmental protection and building sustainable development.
- Leaders will gain knowledge about the forms of activities and initiatives that can receive funding from European funds, learn how and where to apply for them in order to effectively use this knowledge in their daily activities.

FRAMEWORK PROGRAMME

Part 1: Introduction

- Welcoming the participants and introducing the trainer
- Presentation of the training objectives
- Getting to know the expectations of the participants
- Discussion of the Agenda and training programme

Part 2: Impact investing

- Explain what Impact investing is
- Ethical principles in Impact investing
- Which entities can be invested in and which should not be invested in as part of impact investment
- Impact investment market environment
- Exercises to summarise the topic

Part 3: Green finance

- Explanation of what green finance is
- Indication through which instruments green finance is implemented
- Discussion of the nature, role and benefits of green bonds, green loans, green certificates, green insurance, green funds
- Exercises to conclude the topic

Part 4: European funds dedicated to environmental protection

- Discussion of the European Funds for the Modern Economy (FENG)
- An indication of the principles and opportunities arising from the European Funds for Infrastructure, Climate and Environment (FEnIKS) programme
- Discussion of the LIFE programme, opportunities to benefit from it and the financial instruments offered under it
- Exercises to conclude the topic

Part 5: Conclusion

- Participants' summary of the main issues and techniques discussed during the training
- Highlighting of key findings and recommendations
- Evaluation of the training and participants' comments

Course of action:

The trainer has at his/her disposal:

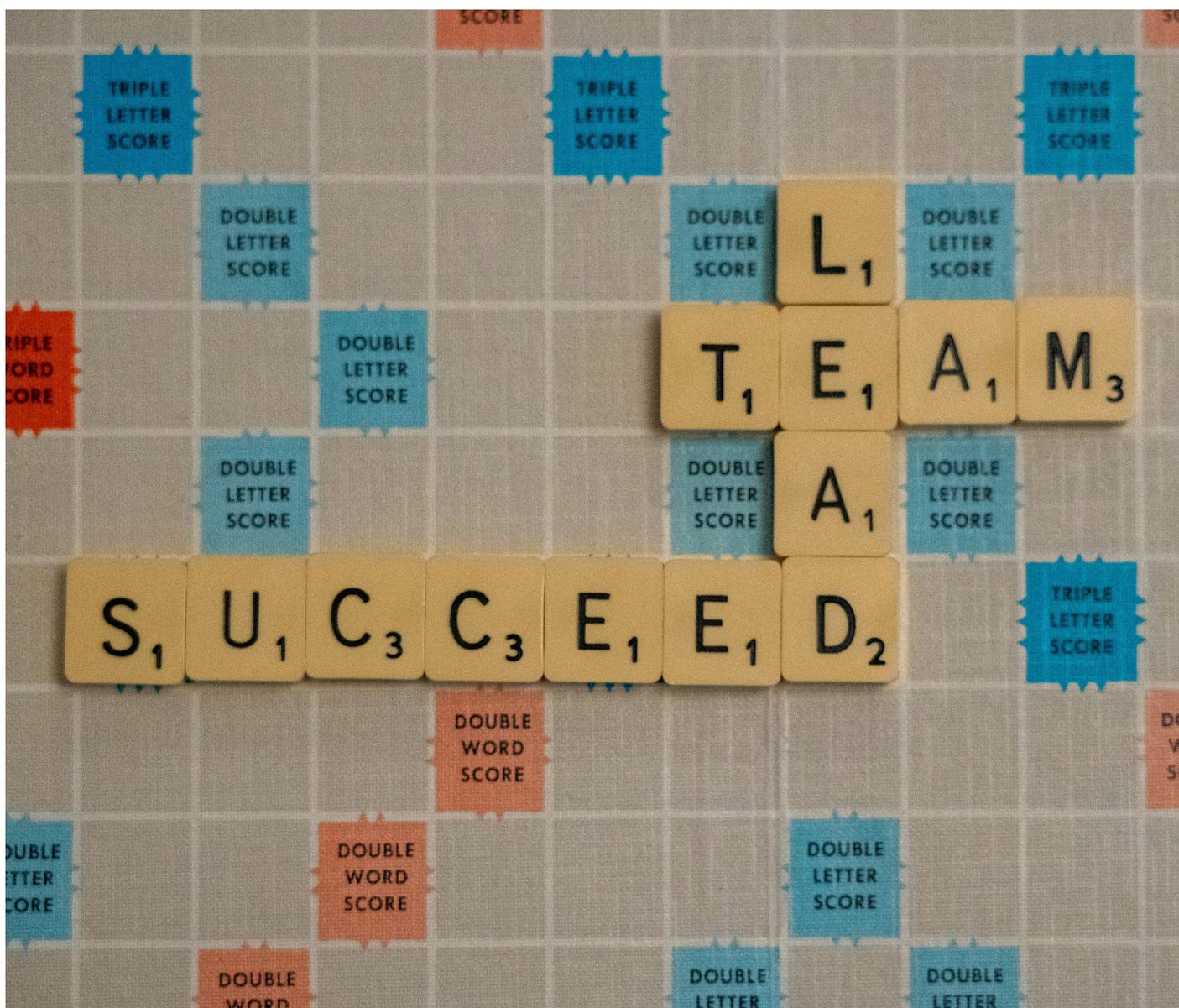
- Multimedia presentation and various additional materials in a script to be used during lecture, discussion and exercises
- A podcast that can be played as an introduction to participants or listened to at home as a form of summary
- 5 worksheets - tasks/practical exercises

PART 1

Introduction — based on the points of the FRAMEWORK PROGRAMME

Tips.

- Welcoming participants and introducing the trainer. The trainer opens the meeting by welcoming participants and introducing himself/herself.
- Presentation of the training objectives. The trainer discusses the main objectives of the training.
- Exercise to allow participants to get to know each other and to share their expectations from the training. The trainer suggests an exercise to get to know each other and to share expectations of the training. For example, it could be a short self-presentation round in which participants state their name, their profession, a short statement about their environmental experience and one expectation they have of the training.
- Discussion of the training agenda and programme. The trainer provides a detailed agenda of the training, indicating the sections, their duration and the main issues to be covered. He/she assures participants that they will have the opportunity to ask questions and actively participate in all parts of the training..



Part 2: Impact investment

- Explaining what Impact investment is. The trainer explains to the participants the idea of Impact investment, the principles of this form of investment. He indicates in which entities one can and should not invest within impact investment. He also discusses the impact investment market environment.

Introductory exercise.

The trainer distributes Worksheet 1 to the participants. The trainer then discusses the exercise, explaining what needs to be done.

After the exercise, participants present their solution. The exercise must be discussed, participants should present their ideas, opinions, doubts and be able to ask questions.

Impact investment - a form of investment that seeks to influence social and environmental change in addition to generating a financial return.

The social or environmental changes created should be measurable and the managers of these investments should inform investors about the results of these changes. In exchange for tangible positive social or environmental change, investors are willing to accept often lower-than-market rates of return on invested capital, sometimes also choosing to bear higher risks.

This is a typical form of investment aimed at generating a financial return, where social and environmental effects have so far not been taken into account. The eventual generation of a profit increases the chances of raising funds from capital providers.

It is also, in a sense, a substitute for philanthropic activity, where hitherto there was no profit motive, and project funding usually took the form of donations, which often resulted in the capital provider being unable to control the funds entrusted and unable to measure the changes the funds were intended to serve. Combining these two modes of funding in the form of impact investment increases the chances of raising new funds precisely for those whose task is to create social and environmental change.

Four fundamental ethical principles for socially engaged investment can be distinguished:

- 1) decision-making should be preceded by the gathering and analysis of a wide range of available information, from reliable sources, and this information should not be misused or distorted;
- 2) investment is a multi-stage and complex activity, and an investor should not engage in an



activity that he simply does not understand, both in terms of the origin of potential returns and the risks or dangers involved;

3) investments are a source of financial resources for other entities, and the investor should be sure not to participate in the financing of activities that may cause him harm or infringe the rights of others;

4) the entities through which one invests should act with integrity, be trustworthy, and this is particularly true for the activities of institutional investors.

Ethical investment will therefore translate into an investor choosing companies for his or her portfolio that do not harm others and at the same time act in a social or environmentally friendly manner.

From the impact investing portfolio, when guided by sustainability, one must therefore discard all investments in industries that:

- harm the interests of society,
- are unethical, e.g. the arms, tobacco or gambling industries,
- are related to nuclear energy,
- produce genetically modified products,
- use animal testing during production and product design,
- are associated with abortion services.

It is necessary to eliminate, for example, the shares of companies that discriminate against employees on the basis of gender, sexual orientation and race, or that do not employ people with disabilities simply because of their physical or mental incapacity rather than their competence.

Despite the fact that unethical investments can yield above-average returns, an investor following the principles and guidelines of impact investing should not include them in his/her portfolio. Instead, he or she can include the assets of entities that adhere to best practice, operate ethically and are socially and environmentally committed. These include companies whose activities advance social and environmental interests. These may include companies:

- researching innovative solutions to reduce air pollution, save energy from conventional sources or consume natural resources,
- operating in accordance with the principles of Corporate Social Responsibility (CSR),



- respecting the rights of employees and business partners or customers,
- engaging in environmentally friendly activities, using recycled raw materials or renewable energy,
- that carry out activities for the benefit of the local community,
- applying the principles of corporate governance, transparent management in line with a widely accepted code of ethics.

Although the sphere of impact investing is only just developing, the market is rapidly gaining value. The Sizing the Impact Investing Market 2022 report, Impact Investing Network (GIIN)' indicates that it is worth USD 1.164 trillion. The US and Canada are responsible for half of this type of investment, while European investors, according to the cited report, accounted for almost 30 per cent of the market.

Global trends in impact investing:

- green investment - investing in companies that recycle or produce green energy;
- investment through funds in companies related to the social economy - otherwise known as the Stanford Social Innovation Review market;
- investing in the construction of tomorrow - sustainable, meeting people's housing needs while being energy efficient or even passive;
- financial instruments to support impact investing.

How to invest according to the idea of impact investing? For this purpose, you can select shares of selected companies for your investment portfolio by yourself and thus inject your capital, but these are not the only financial instruments you can use. These are also funds that invest in impact investing and allow their investors to feel that they are doing something positive, while at the same time making a profit.

Challenges and prospects for the development of ethical and sustainable investment

Impact investing is now firmly embedded in the strategies chosen by investors around the world. It can be used to generate desirable financial results, but also to create positive social and environmental impacts. Impact investing will continue to grow in line with the trend of seeking opportunities to make money while improving the quality of life for society. By investing in modern, socially engaged companies, it is possible to support the development of solutions to today's most important problems, such as environmental or medical issues. The market for impact investing is developing and growing at a rate faster than global GDP - 9 per cent per annum, and particularly in Europe. In fact, every year there is a noticeable increase in public awareness of impact investing. Consumers are keen to buy products and use services from companies that operate in an ethical and sustainable manner. Investors do likewise, and their actions translate into our quality of life and the condition of the environment.

Impact investment market environment (illustration discussion)

The demand side of the impact investment market environment includes, among others, the stakeholders of the tasks carried out under this type of investment. They are the beneficiaries of specific social or environmental changes. Frequently, they are the ones who create certain needs of a social or environmental nature, however, they are most often unable to realise these needs themselves due to their scope of action or organisational or financial shortages. When they have sufficient financial resources, but not sufficient organisational capacity, they also become capital providers (investors) from being beneficiaries of these changes.

A prime example of this would be among others governments, which often use social task providers in return for funding from their budgets. Of course, some of these tasks could be funded directly from budgets, but their funding through impact investment contributes to a more efficient use of

resources.

Another group of entities included in the demand side of the impact investment environment are those that carry out tasks. They usually differ in their organisational and legal form, and their common feature is precisely the implementation of tasks aimed at creating specific social or environmental changes. These entities, most often without financial support from impact investment, would not be able to finance these tasks on their own. They do, however, have the organisational capacity to bring about these changes. These include, in addition to NGOs or social enterprises, commercial enterprises that have a specific social or environmental objective at their core, e.g. the provision of specific (often innovative) services or products to specific, e.g. excluded, social groups.

The above-mentioned tasks expected by impact investment beneficiaries can be realised by injecting capital from the supply side of the impact investment environment, in other words, from investors. This group is the most numerous and includes the governments mentioned above, financial institutions, NGOs and individual clients. The common characteristic of these actors is that they have the capital required to carry out specific tasks in social and environmental areas.



Part 3: Green finance

- What is green finance. The trainer explains the ideas and principles of green finance. He or she indicates through which financial instruments green finance is implemented. He/she discusses the nature, role and benefits of green bonds, green loans, green certificates, green insurance, green funds.

Introductory exercise.

The trainer distributes Worksheet 2 to the participants. The trainer then discusses the exercise, explaining what needs to be done.

After the exercise, participants present their solution. The exercise must be discussed, participants should present their ideas, opinions, doubts and be able to ask questions.

The G20 Green Finance Study Group in 2016 described green finance as ‘financing investments that provide environmental benefits in the broader - environmental context of sustainable development’.

Green finance is a concept that combines the power of finance and operations with the power of eco-friendly behaviour. It is a large area encompassing individual and business consumers, manufacturers, investors and financial lenders.

Unlike traditional financing activities, green financing places greater emphasis on the environmental and industrial benefits, paying more attention to environmental protection.

Green finance is often used interchangeably with green investments. However, in practice, green finance is a broader view, encompassing more than investments. It includes, for example, the operating costs of green investments that are not included in the definition of green investments.

Green finance is a positive step in the transition of the global economy towards sustainable development. In order to encourage investments that provide environmental benefits, the primary tasks of green finance are to internalise environmental externalities and reduce the perception of risk. The main influencers in the development of green finance are banks, institutional investors and international financial institutions, as well as central banks and financial regulation.

Green finance is implemented through:

- funding for public and private green investments in e.g. the following areas: environmental goods and services (such as water management or the protection of biodiversity and landscapes) or the prevention, minimisation and compensation of environmental and climate damage (such as energy efficiency or dams)
- financing public policies that encourage the implementation of environmental protection and environmental damage mitigation or adaptation projects and initiatives (such as feed-in tariffs for renewable energy sources)
- elements of the financial system including those dealing specifically with green investments, such as the Green Climate Fund or financial instruments for green investments (e.g. green bonds and green funds), including their specific legal, economic and institutional framework conditions.

Green financial instruments:

- Green bonds
- Green loans
- Green certificates
- Green insurance
- Green Funds

- Green bonds

Green bonds are bonds designed to encourage sustainable development and support climate-related or other special environmental projects. A green bond is a type of loan in which the issuer borrows money from the bondholder or bond buyer. The issuer repays the amount of the loan plus interest according to an agreed schedule.

Green bonds are the most popular form of debt financing for sustainable development projects. They are debt instruments characterised by the need to specify the purpose for which the proceeds of the issue will be used. Green bonds are defined in detail in the market-valued non-binding guidelines - the ICMA Green Bond Principles and the CBI Climate Bonds Standard. However, regardless of the source of the definition, a key component of the instrument is the purpose for which the funds will be used.

Issue proceeds must be used for 'green' projects as described in the Green Bond Framework (GBP).

The main element of green bonds is to use the proceeds for projects with clear environmental benefits, which the borrower/bond issuer must assess and, if possible, quantify. More specifically, green bonds finance projects aimed at energy efficiency, pollution prevention, sustainable agriculture, fisheries and forestry, protection of aquatic and terrestrial ecosystems, clean transport, clean water and sustainable water management. They also finance the development of environmentally friendly technologies and climate change mitigation.

Borrowers issue these securities to secure financing for projects that will have a positive impact on the environment, such as ecosystem restoration or pollution reduction. Investors who buy these bonds can expect a return as the bonds mature.

What are the benefits of issuing green debt for the issuer?

In addition to the obvious benefit of raising debt capital to finance sustainable projects, issuing green bonds sends a signal to the market, demonstrating an entity's commitment to sustainability. Such actions receive a positive reaction from investors in equity markets, particularly for issuers that undergo an independent external opinion (so-called Second Party Opinion) or issue green bonds for the first time.

As balanced bond issues continue to be a rarer phenomenon than traditional issues, they gain more media coverage, which contributes to a positive perception of the issuer not only by investors, but also by customers. Moreover, research from Boston University confirms the credibility of this signal. In a study conducted by this entity, a sample of companies analysed, realistically decarbonised their business after issuing green bonds.

Another argument raised by proponents of green debt financing is the potentially lower cost of issuance. One factor that may favour the potentially lower cost of issuance of green bonds is the growing demand that can be observed in financial markets. According to S&P, global demand for green bonds over the last few years, has significantly outpaced the value of issuance, demonstrating that more and more institutional investors want to invest money in companies with a positive environmental impact. This is not just because investors recognise the investment potential in the area of sustainability.

In recent years, demand for green bonds has also been driven by the Sustainable Finance Disclosure Regulation (SFDR) and the emergence of specialised green bond funds as a result of its arrival on the market. Among other things, the SFDR aims to motivate asset managers to disclose the level of integration of sustainability factors in investment products. The articles of the aforementioned regulation, allow for the practical classification of investment products in terms of the ESG strategy applied. The effect of this is a desire to qualify funds as compliant with Article 8 or 9, i.e. as funds

that promote positive environmental impact or social development. This, in turn, influences the growing demand for green bonds by fund managers.

Green bonds can carry tax incentives such as tax exemptions and tax credits, making them a more attractive investment compared to comparable taxable bonds. These tax benefits provide a monetary incentive to address important societal issues such as climate change and the movement towards renewable energy sources. To qualify for green bond status, they are often verified by a third party, such as the Climate Bond Standards Board, which certifies that the bond will finance projects that include environmental benefits.

Depending on the purpose for which the funds from their issue are used, a distinction is also made between:

- Social Bonds,

To qualify as a social bond, the proceeds must finance or refinance social projects or activities that achieve positive social outcomes and/or address social issues. In many cases, social projects are targeted at targeted social groups such as people living below the poverty line, marginalised communities, migrants, the unemployed, women and/or sexual and gender minorities, people with disabilities and resettled people. As with green bonds, the issuance of social bonds is based on a set of voluntary guidelines - in this case the Social Bond Principles (SBP) developed by ICMA - aimed at improving disclosure and transparency in the social bond market. Examples of project categories eligible for social bonds include: food security and sustainable food systems, socio-economic progress, affordable housing, access to basic services and affordable basic infrastructure. Social projects may include related and ancillary expenditures such as research and development, and in situations where projects also have environmental benefits, issuers may specify a classification as a social bond based on the primary purpose of the base project.



- Sustainability Bonds,

Sustainability bonds are issues where the proceeds are used to finance or refinance a combination of environmental and social projects or activities. These bonds can be issued by companies, governments and municipalities, as well as assets and projects, and should comply with ICMA's Sustainability Bond Guidelines, which are consistent with both the GBP and the Principles for Sustainable Bonds. They can be unsecured, backed by the creditworthiness of the corporate or government issuer or secured by collateral on a specific asset. Examples of project categories eligible for sustainability bonds include those in the environmental and social bond categories.

- Sustainability-Linked Bonds

Sustainability-linked bonds are structurally linked to the issuer's achievement of climate or broader environmental targets, for example through a contract linking the bond purchaser. In this case, progress or lack thereof towards environmental targets or selected KPIs results in a reduction or increase in the interest paid on the instrument. These bonds can play a key role in incentivising corporate-level sustainability commitments, particularly through alignment with the UN Sustainable Development Goals or the Paris Agreement.

Green loan

A green loan is a form of financing that is designed to enable and empower companies to finance projects that have a clear environmental impact, or rather are geared towards financing 'green projects'. The benchmark of what constitutes a green loan, is the criteria set out in the „Green Loan Principles“ published in 2018. Loan Market Association (LMA), supplemented by guidance issued in May 2020. - The Green Loan Principles („GLPs“) provide a framework of high-level market standards and guidelines, providing a consistent methodology for use across the green loan market, while allowing such a market to remain flexible as it evolves. GLPs are non-mandatory, recommended guidelines to be applied by markets on a transaction-by-transaction basis, depending on the nature of the transaction.

The GLP framework sets out four defining criteria to determine what makes a loan a green loan:

- 1) Use of proceeds - it is inherent in a green loan that funds are used exclusively to finance or refinance green projects. The GLP identifies a non-exhaustive list of eligible projects with a common denominator of clearly identifiable and distinguishable environmental impacts and benefits;
- 2) Green project assessment and selection - To ensure transparency and fairness in the selection process, the GLP sets out the key elements of a proposed green project that a potential borrower should communicate when applying for a green loan. At a minimum, the potential borrower should outline the environmental sustainability objectives of the project, as well as the process by which they have assessed that their project qualifies as an eligible green project. The assessment should be objective and balanced, highlighting the potential significant environmental risks associated with the proposed green project, as well as highlighting any green standards or certifications that the potential borrower will seek to achieve to offset such risks;
- 3) Managing and monitoring the use of proceeds - The third element of the GLP focuses on how borrowers manage the actual use of proceeds. The GLPs recommend that green loan proceeds be transferred to a dedicated account to promote the integrity of the funds and allow the borrower to track outgoing flows. If the green loan is in the form of one or more tranches of the loan facility, each green tranche must be clearly marked and credited. In addition, borrowers are encouraged to establish an internal management process to track the allocation of funds to green projects. Borrower and lender should agree in advance, whether an external independent evaluation will be required to assess performance over the life of the loan;
- 4) Reporting - The GLPs promote transparency in reporting, recommending that borrowers report at least annually on the use of proceeds and the actual allocation of proceeds to green pro-

jects, as well as information on their environmental impact. The GPL recommends a combination of qualitative performance indicators and, where possible, quantitative performance measures (for example, energy capacity, electricity generation, reduced/avoided greenhouse gas emissions, etc.).

In essence, the GPL principles set out a guiding taxonomy for the identification, selection and management of green loans and can be applied to a variety of lending instruments, including green syndicated loans, green revolving facilities, green asset finance and green supply chain finance.

In fact, although the economic drivers may differ between market players, the overriding motivation remains effectively one and the same - to deliver sustainable projects that have a positive impact on the environment.

Benefits of a green loan:

- From a reputational and corporate governance perspective, green lending can have a 'halo effect', enabling borrowers and lenders to tangibly demonstrate their commitment to the development of a sustainable economy - a commitment that has grown in importance as shareholder and wider stakeholder expectations and operating market forces, including those of regulators and employees, have increased. In addition, green loans instruments allow borrowers to access a wider and more diverse group of investors, particularly those seeking investments with a positive environmental, social and governance ('ESG') focus.
- From a purely financial perspective, the general market trend is for lenders to charge lower interest rates to finance green projects or to relax financial or other restrictive covenants, thereby encouraging borrowers to use such instruments.
- Furthermore, there is evidence to suggest that sustainable borrowers are likely to implement better risk management and good governance procedures, resulting in a better individual credit risk profile for the borrower and an enhanced aggregate credit risk profile for lenders.

Green certificate

Green certificates are property rights resulting from the conversion of certificates of origin for energy from renewable sources, issued by the President of the Energy Regulatory Authority, i.e. sources using energy in the processing:

- wind,
- solar radiation,
- geothermal,
- waves, currents, tides and the fall of rivers,
- obtained from biomass.

The conversion takes place when certificates of origin are issued to an entity producing electricity at a renewable energy source, each time after they are registered in the registration system of the Certificate of Origin Register. The number of green certificates generated corresponds to the amount of energy shown on the certificate, with one property right corresponding to 1 kWh of electricity (this is the nominal value of the green certificate). They are perpetual instruments and are redeemable by the President of the ERO at the holder's request.

Green certificates are tradable and can be traded on a separate market. In Poland, it takes place on the Polish Power Exchange on a specially organised Property Rights Market. Participation in the market is possible in two ways - directly or through brokerage houses, which are members of POLPX and are admitted to the Property Rights Market.

The trading of certificates results from the obligation imposed by the Energy Law on transmission system operators (TSOs) and distribution system operators (DSOs) to purchase energy from rene-

wable sources and the obligation imposed on energy companies that generate or sell electricity to end users to obtain and present for redemption a certain amount of green certificates [Renewable Portfolio Standard (RPS)].

The redemption of the certificates shall be effected by means of an administrative decision. The ERO President, after receiving an appropriate application from the certificate holder, accompanied by a document from POLPX stating the property rights resulting from the certificates of origin (issued after the property rights are blocked in the Register of Certificates of Origin on the member's application).

Green insurance

Examples of green insurance:

- Green motor vehicle insurance: these are insurance incentives offered to motor vehicles that are environmentally friendly by reducing the amount of greenhouse gases emitted.
- Green home insurance: these are products that facilitate the use of renewable materials and energy in homes or buildings and alternative building practices. This differs significantly from traditional home insurance. The process of moving to a low-carbon environ-



ment means moving away from fossil fuels to renewable energies.

- Green insurance for businesses - these are green insurance products for commercial properties. Businesses using alternative materials and energy in their buildings and surroundings should have access to insurance that motivates them and encourages further environmental improvements. Examples include insurance for the installation of 'green' building systems and materials, insurance for 'green certified' restoration in cases or events of total loss, green support for green materials and equipment, and green building and related costs.

Green fund

A green fund is a mutual fund or other investment vehicle that invests exclusively in companies that are considered socially conscious or directly promote environmental responsibility. A green fund can take the form of a targeted investment vehicle for companies engaged in environmentally supportive activities such as alternative energy, green transport, water and waste management and sustainable lifestyles.

Green funds are investment funds whose portfolio is largely based on environmental, social and governance (ESG) criteria. The investment strategy of a green fund may be based on some of the following characteristics:

- choosing companies that look for ways to reduce energy consumption and support environmental issues,
- choosing companies that value building relationships with employees, customers and the community (concerns include gender inclusion, fair labour practices and human rights),
- paying attention to how the company is managed, its level of transparency and whether it has a diverse board.

Green funds invest in areas such as renewable energy and the efficiency buildings and sectors. The renewable energy sector is broad and includes solar, wind, battery and energy storage technologies, as well as the materials that make these technologies possible.

While return is not the only goal of green investing, some studies have shown that ESG-compliant funds are competitive with the returns of more traditional funds. A Morningstar analysis of 4,900 funds over ten years found that 58.8 percent of sustainable funds „beat the average of other, traditional funds“. In the same analysis, balanced funds delivered an average annual return of 6.9% compared to 6.3% for more traditional funds.



Part 4: European funds dedicated to environmental protection

- European funds for sustainable development. The trainer discusses the principles and possibilities of using the following European funds available in Poland earmarked, among others, to finance sustainable development initiatives: European Fund for Modern Economy (FENG), European Funds for Infrastructure, Climate and the Environment (FEnIKS), LIFE Programme.

One of the key programmes that will fund Green Deal development is the European Funds for a Modern Economy (FENG).

The FENG is the successor to the Intelligent Development Programme, which is intended to continue pro-innovation activity on many levels. One of them is precisely innovations in the field of green transformation. Out of a pool of PLN 7.9 billion under the FENG, more than half is made up of grants for entrepreneurs implementing innovations. Particular emphasis will be placed on the so-called modular projects giving the possibility of obtaining co-financing within one project of various stages of innovation implementation. Each project applying for financial support should be based on research and development work. One of the seven modules a project can consist of is 'enterprise greening'.

For business owners thinking about funding, this means the opportunity to incorporate elements related to business transformation towards sustainability and a circular economy (GOZ). Shifting the company and its business model to a circular model: from the selection of contractors and resources, to the design of products and services, to sustainable production and waste and product life-cycle management. Support for eco-design, conducting environmental and life-cycle assessments and implementing the resulting recommendations, with support for investment in the greening of enterprises, including the implementation of R&D results.

The programme is designed in such a way that each project implemented under the FENG must fit into the so-called National Intelligent Specialisations, i.e. areas identified as key for the development of the economy.

In Poland, the Polish Agency for Enterprise Development is responsible for the implementation of the FENG Programme

Two additional support instruments are available under the FENG Programme:

- technology credit - companies that are looking for funding to implement new or improved products, services or processes, enabling a significant reduction in energy consumption (e.g. electricity, gas) in a given enterprise (processes) or at the end user (products, services) can obtain a technology credit for this purpose. This is an offer aimed at SMEs and a newly defined group of companies, the small mid-caps (small company with a medium capitalisation - more than 250 employees, but no more than 499) and mid-caps (company with a medium capitalisation - up to 3,000 employees).
- green guarantee fund - from which the entrepreneur has the possibility to finance investments improving the company's efficiency, e.g. in the modernisation of buildings, production lines, purchase of equipment reducing the consumption of electricity or heat, increasing the use of renewable energy sources, installations producing energy from renewable sources.

Both instruments can be used as part of the Bank Gospodarstwa Krajowego's offer.

One important component of the initiatives to implement the European Green Deal Strategy is the European Funds for Infrastructure, Climate and Environment (FEnIKS) programme. This initiative is a continuation of the Infrastructure and Environment Operational Programme, which was carried out in the past EU perspective. Of this pool, approximately one third is to be allocated to projects

supporting the Green Deal or Green Transformation.

The programme is designed according to the Do No Significant Harm principle. In practice, projects implemented with funding from this programme must not adversely affect the environment.

Resources from this fund will support, among other things, increased energy efficiency, greenhouse gas reduction and climate change adaptation.

Improved management of drinking water and municipal wastewater, as well as municipal waste, are among the programme's objectives. Intervention is also aimed at strengthening the protection of biodiversity and natural ecosystems and developing monitoring systems for natural resources to facilitate their conservation. FEnlKS also emphasises the implementation of projects involving the replacement of coal-fired cookers with gas-fired ones.

Importantly, the programme's offer will be addressed not only to enterprises, but also, among others, to local government units, owners of residential buildings, state budgetary units and public administration, energy service providers, managers of national roads and railways, rescue services (technical rescue) and those responsible for traffic safety, entities managing airports and seaports, non-governmental organisations, health care institutions, cultural institutions, churches and religious associations.

Funds from this programme can be applied for through the National Fund for Environmental Protection and Water Management.

The LIFE programme is the only European Union financial instrument dedicated exclusively to the co-financing of projects in the field of environmental protection, including nature, and human impact on and adaptation to climate change. Its main objective is to support the implementation of Community environmental law, to implement EU environmental policy and to identify and promote new solutions to environmental and climate problems.

The National Fund for Environmental Protection and Water Management (NFOŚiGW) is responsible for the implementation of the programme.

Any entity (public or private bodies, actors and institutions) registered in an EU country may be a beneficiary of the LIFE Programme.

Standard LIFE project funding from the European Commission is up to 60% of the value of the eligible costs and up to 75% for nature projects (for projects serving priority/endangered species and habitats).

Polish applicants may additionally apply for project co-financing from national funds of the National Fund for Environmental Protection and Water Management supplementing the financial assembly of the project up to 95% of eligible costs.

The National Fund for Environmental Protection and Water Management offers two instruments for additional financing of LIFE projects:

- under the „LIFE Applications Incubator” - a non-refundable grant can be obtained to co-finance the preparation of a LIFE application up to the amount of PLN 80,000.
- loan for the implementation of a project under the LIFE Programme.

The loan may be granted for a maximum period of 15 years, calculated from the date of the first scheduled loan tranche disbursement to the date of repayment of the last instalment,

In duly justified cases arising from the characteristics of the project or of the beneficiary, the period of financing of the project in the form of a loan may be different, but not longer than 25 years.

The interest rate on the loan may be fixed or variable. The interest rate may not be lower than 1%.

The variable interest rate is based on WIBOR 3M.

The loan may be partially forgiven provided that:

- the implementation of the project and the achievement of the environmental effect occurred at dates not later than and within scopes not smaller than those stipulated at the date of the grant agreement;
- the beneficiary has fulfilled, in accordance with separate regulations, the obligation to pay fees and penalties constituting the income of NFOŚiGW and other liabilities towards NFOŚiGW within 3 years preceding the application for a partial write-off of the loan;
- there is a confirmation of the sustainability of the project in accordance with the loan agreement concluded with the beneficiary, if a condition concerning sustainability is indicated in the agreement;
- there are no arrears, as at the date of redemption, to NFOŚiGW in respect of repayments of capital instalments, interest and other amounts due under the subsidy agreement.

Exercises to conclude the topic.

At the end of the presentation and discussion of the topic, the trainer moves on to a practical exercise

The trainer now turns to Worksheets 3 and 4 and asks participants to split into 2 teams. Each team receives a different Worksheet. The trainer then explains the exercise, explaining what they have to do in teams and what the objective of the task is.

After the exercise, participants share their observations.

Tips for the trainer – Worksheet no. 3:

Possible financial instruments:

Green bonds: These are debt securities issued specifically to finance environmentally friendly pro-



jects. The company would raise funds from investors by issuing green bonds at a fixed interest rate.

Sustainability-related loan: this financial instrument ties the interest rate to the company's sustainability performance. If the company achieves predefined sustainability targets, the interest rate on the loan decreases.

Green certificates: The company could issue and sell green certificates representing the environmental benefits of the solar energy produced. These certificates could be purchased by individuals or companies wishing to offset their carbon footprint.

Crowdfunding for renewable energy: the company could consider raising funds through participatory crowdfunding, allowing individuals to invest in a photovoltaic farm project in exchange for equity.

Most suitable instrument: in this case, green bonds would probably be the most appropriate green financial instrument. Given the significant upfront costs of a photovoltaic farm project, issuing a green bond would provide a stable source of funding at a fixed interest rate, with the proceeds specifically earmarked for an environmentally sustainable initiative. This is consistent with the long-term nature of the project and the need for a reliable and predictable source of capital.

Tips for the trainer – Worksheet no. 4:

Possible financial instruments:

Green bonds: These debt securities will be issued to raise funds specifically for a sustainable urban redevelopment project. Investors buying green bonds would contribute capital to a green initiative.

Sustainability-linked loan: A sustainability-linked loan ties the interest rate to the sustainability performance of the project. If the redevelopment project achieves certain environmental objectives, the interest rate on the loan decreases.

Green Fund: this investment vehicle allows individuals to invest in a portfolio of green real estate projects. Investors would receive dividends from the income generated by a sustainable urban redevelopment project.

Community solar financing: Given the emphasis on renewable energy, the project could explore financing options specifically designed for community solar projects. This could include partnerships with local residents or businesses to invest in solar panels installed on rooftops.

Most suitable instrument: The most appropriate green financing instrument for this sustainable urban redevelopment project would probably be a combination of a green bond and a sustainability-linked loan. The green bond would provide the initial capital for the project, and would provide an incentive to achieve sustainability goals by linking the interest rate to the environmental performance of the project. This combination allows for both initial funding and an ongoing incentive to achieve sustainability goals.

The trainer then goes to Worksheet 5 and asks the participants to solve the test.

The trainer then explains the exercise, explaining what they have to do in teams and the purpose of the task.

After the exercise, participants share their observations.

A summary of the exercise by the trainer is the closing element of this part of the programme.

Part 5: Conclusion and recommendations

- Summary of the main issues and communication methods by participants.
- Highlighting of key lessons and recommendations for green struggling leaders.
- Evaluation of the training and participants' comments.

At this point, the most important thing for green leaders is to summarise the workshop conducted. The key points discussed should be highlighted as a tie-in to all the content discussed during the training.

There is also time here for:

1. Questions to the group
2. Conclusions
3. Evaluation questionnaire
4. Diplomas for participants

