



# Second-Party Opinion

## Firstmac Limited Green Bond Framework

### Evaluation Summary

Sustainalytics is of the opinion that the Firstmac Limited Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category is expected to contribute to the decarbonization of Australia’s residential building stock and advance the UN Sustainable Development Goals, specifically SDG 11.



**PROJECT EVALUATION / SELECTION** Firstmac Limited’s internal process in evaluating and selecting projects is overseen by Firstmac’s Advisory Group comprised of members of Firstmac’s Treasury and Funding department and chaired by Firstmac’s Chief Financial Officer (CFO). Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Firstmac Limited’s Advisory Group is responsible for overseeing the management of proceeds. Firstmac will earmark eligible assets for inclusion in the green bond and track this process using Firstmac’s internal tracking systems. Pending allocation, unallocated proceeds will be held in cash and cash equivalent or liquid instruments. Firstmac intends to fully allocate the proceeds upon issuance. This is in line with market practice.



**REPORTING** Firstmac Limited intends to report on allocation of proceeds on its website on a monthly basis as part of an Update report until full allocation. Allocation reporting will include the amount of proceeds allocated, the amount outstanding, and eligibility reporting. In addition, Firstmac Limited is committed to reporting on relevant impact metrics at the time of issuance. Sustainalytics encourages Firstmac to report on the achieved impact on an annual basis. Sustainalytics views Firstmac Limited’s allocation and impact reporting as aligned with market practice.

<b>Evaluation Date</b>	May 27, 2021
<b>Issuer Location</b>	Brisbane, Australia

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## Introduction

Firstmac Limited (“Firstmac”, or the “Company”) is a provider of financial services founded in 1979 with headquarters in Brisbane, Australia. Firstmac specializes in offering home and car loans, mortgage financing, and advisory services.

Firstmac has developed the Firstmac Limited Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and/or refinance green mortgages that are expected to contribute to the decarbonization of Australia’s residential building stock. The Framework defines eligibility criteria as new or existing residential mortgage loans that comply with the following requirements<sup>1</sup>:

### Green Buildings

1. New South Wales: Houses constructed after July 2005
2. Victoria: Houses and apartments constructed after May 2011
3. Tasmania: Houses constructed after May 2014
4. Residential properties with NatHERS 7 star or higher, constructed within 12 months prior to the time of issuance

Firstmac engaged Sustainalytics to review the Firstmac Limited Green Bond Framework, dated May 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>2</sup> This Framework has been published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.8.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Firstmac’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Firstmac representatives have confirmed (1) they understand it is the sole responsibility of Firstmac to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Firstmac.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

<sup>1</sup> Sustainalytics has conducted a CBI sector criteria assessment for the first three criteria listed

<sup>2</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>3</sup> The Firstmac Limited Green Bond Framework is available on Firstmac Limited’s website at: <https://www.firstmac.com.au/press-releases/>

<sup>4</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Firstmac has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Firstmac Limited Green Bond Framework

Sustainalytics is of the opinion that the Firstmac Limited Green Bond Framework is credible and impactful and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Firstmac's Green Bond Framework:

- Use of Proceeds:
  - The eligible category, Green Buildings, is aligned with those recognized by the GBP.
  - Sustainalytics notes that Firstmac's first issuance consists of two categories: CBI Mortgages, and NatHERS Mortgages. CBI Mortgages include assets to be certified by Climate Bond Standard V3,<sup>5</sup> which includes (i) New South Wales: houses constructed after July 2005, (ii) Victoria: houses and apartments constructed after May 2011, and (iii) Tasmania: houses constructed after May 2014. Sustainalytics provided a Pre-Issuance Verification to the CBI Mortgages, and views that the respective mortgages meet the requirements under the Low Carbon Buildings criteria of the Climate Bonds Standard. Sustainalytics elaborates its assessment of NatHERS mortgages below.
    - Firstmac's NatHERS mortgages include mortgages for residential properties with NatHERS 7 star or higher, constructed within 12 months prior to the time of the green bond issuance. Sustainalytics is of the opinion that a 7-star NATHERS energy equivalence rating for residential buildings ensures the thermal efficiency of the building's envelop, and notes that thermal energy (heating and cooling) accounts for a large part of energy demand in residential homes.<sup>6</sup> Regarding buildings that are constructed within 12 months prior to the time of issuance, Sustainalytics considers that such buildings presumably adhere to the National Construction Code (NCC) 2016 or later, which includes mandatory energy performance requirements in the areas of equipment and building management systems, such as lighting, HVAC, water heating systems, and energy monitoring facilities.<sup>7</sup> Given this context, Sustainalytics views NatHERS 7 star and above coupled with limiting investments to buildings that are constructed within 12 months prior to the time of issuance as aligned with market standards.
- Project Evaluation and Selection:
  - Firstmac has established the Advisory Group comprised of members of Firstmac's Funding and Treasury department and led by the CFO to oversee the project selection and evaluation process. The Advisory Group will ensure that mortgages selected for the green bond issuance are in line with the Framework's eligibility criteria.
  - Based on the establishment of a formal advisory group that includes senior membership, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:

<sup>5</sup> Climate Bonds Initiative, "Climate Bond Standards Version 3", at: <https://www.climatebonds.net/files/files/climate-bonds-standard-v3-20191210.pdf>

<sup>6</sup> EIA, Use of Energy Explained, at: [Use of energy in homes - U.S. Energy Information Administration \(EIA\)](#)

<sup>7</sup> NCC, Australia, at: <https://ncc.abcb.gov.au/ncc-online/ncc>

- Firstmac's Advisory Group will be responsible for overseeing the management of proceeds. Firstmac will earmark eligible assets for inclusion in the green bond. This process will be tracked using the Company's internal tracking systems. Firstmac intends to fully allocate the proceeds upon issuance for CBI Mortgages. In the event that NatHERS proceeds may be unallocated, unallocated proceeds will be held in cash, cash equivalent or other liquid instruments. In such event, Firstmac has clarified to Sustainalytics that the Company intends to achieve full allocation in a month.
- Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Firstmac intends to report on the allocation of proceeds on a monthly basis until full allocation as part of an Update report covering all assets financed under the Framework. Allocation reporting will include the amount of proceeds allocated, the amount of outstanding amount, as well as the eligibility criteria applied.
  - In addition, Firstmac intends to disclose an estimated CO<sub>2</sub> reduction amount for all of its debt instruments issued at the time of the issuance and during the life of the bond.
  - Based on these commitments, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Green Bond Principles 2018**

Sustainalytics has determined that the Firstmac Limited Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of Firstmac**

### **Contribution of framework to Firstmac Limited's sustainability efforts**

As part of the Framework, Firstmac demonstrates that the main objective of the issuance is promoting energy-efficient and environmentally friendly buildings in Australia, thereby supporting Australia's response to climate change threats. In conjunction with this objective, Firstmac intends to use the green bond proceeds to provide at market or cheaper borrowing costs for its environmentally conscious customers. Firstmac mentions that through the green bond issuance, the Company aims to increase its ability to mitigate the impacts of climate change, overall supporting the Paris Agreement objectives.<sup>8</sup>

Sustainalytics notes that Firstmac has not established a company-wide sustainability strategy or targets. Nevertheless, Sustainalytics is of the opinion that the Firstmac Limited Green Bond Framework can further the Company's efforts related to sustainability. Sustainalytics encourages Firstmac to develop a sustainability strategy, and time-bound and quantitative goals to advance its position as a green bond issuer.

### **Well-positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the intended mortgages could include the social impact of Firstmac's lending practices. Sustainalytics is of the opinion that Firstmac is able to manage and/or mitigate potential risks through implementation of the following assessments processes:

- Firstmac is committed to responsible lending in compliance with the National Consumer Credit Protection Act.<sup>9</sup> According to the Act, the Company is obliged to verify a consumer's financial state and conduct an assessment to ensure the credit contract is suitable for the customer.<sup>9</sup> In line with the Act, Firstmac has established the Lending Policy under the Statement of Ethics Following the Lending Policy, the Company is committed to ensuring its products do not harm the customers.
- Firstmac's Lending Policy is in place to assess the affordability and serviceability of each of Firstmac's lending decisions to ensure that lending is restricted to borrowers who can repay the loan and would not be exposed to unreasonable indebtedness. To guide this assessment, Firstmac relies

<sup>8</sup> Framework Link, to be implemented.

<sup>9</sup> ASIC (Australian Securities & Investments Commission), "Responsible lending", at: <https://asic.gov.au/regulatory-resources/credit/responsible-lending/>

on living expenses and ongoing commitments/expenses together with stressed interest rates. Moreover, social risks are continuously monitored and flagged throughout the lending process to further avoid any risks to vulnerable borrowers.<sup>10</sup>

Sustainalytics is of the opinion that Firstmac is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused on the below where the impact is specifically relevant in the local context.

#### The Importance of Residential Green Buildings in Australia

In 2020, buildings in Australia accounted for approximately 20% of national GHG emissions.<sup>11</sup> According to the Intergovernmental Panel on Climate Change (IPCC), the use of electricity is responsible for most GHG emissions from buildings.<sup>12</sup> Given this, the Australian Government has stated that improving energy efficiency in buildings can play a key role in reducing emissions in Australia.<sup>13</sup> Through energy efficiency measures such as the installation of rooftop PV, emissions from residential buildings in Australia are expected to decrease by 5% over the period of 2020-2030.<sup>11</sup>

In addition, the IPCC notes that a transition towards low carbon buildings requires the government's policy intervention.<sup>14</sup> As such, the Australian Government aims to reduce GHG emissions from residential buildings by encouraging improved thermal performance of homes through the Nationwide House Energy Rating Scheme (NatHERS).<sup>15</sup> The scheme is a rating system for the energy efficiency of residential houses based on house design, construction materials, and climate zone.<sup>15</sup>

Given the above context, Sustainalytics recognizes the importance of developing green buildings in Australia by improving energy efficiency in residential buildings. Firstmac intends to use the proceeds to finance or refinance mortgages for green residential buildings in Australia. Sustainalytics is of the opinion that Firstmac's financing is expected to increase the share of residential green buildings in Australia, thereby contributing to transit to decarbonization of residential buildings in the country.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Firstmac Limited Green Bond Framework advances the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

<sup>10</sup> Framework Link, to be implemented.

<sup>11</sup> Department of Industry, Science, Energy and Resources, "Australia's emissions projections 2020", at: <https://www.industry.gov.au/sites/default/files/2020-12/australias-emissions-projections-2020.pdf>

<sup>12</sup> IPCC, "Buildings", (2018), at: [https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc\\_wg3\\_ar5\\_chapter9.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter9.pdf)

<sup>13</sup> Australian Government, "Improving the energy and emissions performance of buildings", (2019), at:

[https://www.energy.gov.au/sites/default/files/improving\\_the\\_energy\\_and\\_emissions\\_performance\\_of\\_buildings\\_-\\_factsheet.pdf](https://www.energy.gov.au/sites/default/files/improving_the_energy_and_emissions_performance_of_buildings_-_factsheet.pdf)

<sup>14</sup> IPCC, "Buildings", (2018), at: [https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc\\_wg3\\_ar5\\_chapter9.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter9.pdf)

<sup>15</sup> Department of Industry, Science, Energy and Resources, "About", at: <https://www.nathers.gov.au/about>

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## Conclusion

Firstmac has developed the Firstmac Limited Green Bond Framework under which it may issue green bonds and the use of proceeds to finance and/or refinance green mortgages. Sustainalytics considers that the projects funded by the green bond proceeds are expected to contribute to the decarbonization of Australia's residential building stock.

The Firstmac Limited Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 11. Additionally, Sustainalytics is of the opinion that Firstmac has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Firstmac Limited is well-positioned to issue green bonds and that the Firstmac Limited Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

## Appendices

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	Firstmac Limited
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Firstmac Limited Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	May 27, 2021
<b>Publication date of review publication:</b>	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

#### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

## 1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category is expected to contribute to the decarbonization of Australia's residential building stock and advance the UN Sustainable Development Goals, specifically SDG 11.

### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Firstmac Limited's internal process in evaluating and selecting projects is overseen by Firstmac's Advisory Group comprised of members of Firstmac's Treasury and Funding department and chaired by Firstmac's Chief Financial Officer (CFO). Sustainalytics considers the project selection process in line with market practice.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other (please specify):  |



**Information on Responsibilities and Accountability**

- Evaluation / Selection criteria subject to external advice or verification
  In-house assessment
- Other (please specify):

**3. MANAGEMENT OF PROCEEDS**

Overall comment on section (if applicable):

Firstmac Limited's Advisory Group is responsible for overseeing the management of proceeds. Firstmac will earmark eligible assets for inclusion in the green bond and track this process using Firstmac's internal tracking systems. Pending allocation, unallocated proceeds will be held in cash and cash equivalent or liquid instruments. Firstmac intends to fully allocate the proceeds upon issuance. This is in line with market practice.

**Tracking of proceeds:**

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

**Additional disclosure:**

- Allocations to future investments only
  Allocations to both existing and future investments
- Allocation to individual disbursements
  Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
  Other (please specify):

**4. REPORTING**

Overall comment on section (if applicable):

Firstmac Limited intends to report on allocation of proceeds on its website on a monthly basis as part of an Update report until full allocation. Allocation reporting will include the amount of proceeds allocated, the outstanding amount, and eligibility reporting. In addition, Firstmac Limited is committed to reporting on relevant impact metrics at the time of issuance. Sustainalytics encourages Firstmac to report on the achieved impact on an annual basis. Sustainalytics views Firstmac Limited's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project
  On a project portfolio basis

- Linkage to individual bond(s)  Other (please specify):

**Information reported:**

- Allocated amounts  Green Bond financed share of total investment
- Other (please specify):

**Frequency:**

- Annual  Semi-annual
- Other (please specify): Monthly

**Impact reporting:**

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (please specify):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings  Energy Savings
- Decrease in water use  Other ESG indicators (please specify):

**Frequency**

- Annual  Semi-annual
- Other (please specify): One-time at the time of issuance

**Means of Disclosure**

- Information published in financial report  Information published in sustainability report
- Information published in ad hoc documents  Other (please specify):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.firstmac.com.au/press-releases/>

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

## Disclaimer

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognized by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).

