

Second-Party Opinion

EDC Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the EDC 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, Renewable Energy, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION / SELECTION EDC's internal process in evaluating and selecting projects is handled by the Business Development team. The Business Development Team will ensure that the projects comply with the eligibility criteria set in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The Finance team is responsible for the management of proceeds. EDC aims at reaching full allocation within three years following green bond issuance. Pending full allocation, EDC may temporarily invest proceeds in cash or cash equivalents, or use the proceeds to repay or prepay debts, or use the proceeds following its internal liquidity management policies and strategies. This is in line with market practice.



REPORTING EDC intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include allocation of the net proceeds and balance of unallocated proceeds. In addition, EDC is committed to reporting on relevant impact metrics, such as installed capacity and electricity generation. Sustainalytics views EDC's allocation and impact reporting as aligned with market practice.

Evaluation Date	February 15, 2021
Issuer Location	Manila, Philippines

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Introduction

Energy Development Corporation (“EDC”, or the “Company”) is a renewable energy company headquartered in Manila, Philippines. Since 1976, the Company has been primarily involved in exploring, developing, operating, and utilizing geothermal energy and other renewable energy sources for electricity generation.

EDC has developed the EDC Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that may contribute to reducing the GHG emissions associated with power generation, primarily in the Philippines. The Framework defines eligibility criteria in one area:

1. Renewable Energy

EDC engaged Sustainalytics to review the EDC Green Bond Framework, dated February 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ 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 International Capital Market Association (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 1.6.1, 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 EDC’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. EDC representatives have confirmed (1) they understand it is the sole responsibility of EDC 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 EDC.

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 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.

¹ 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/>.

² The EDC Green Bond Framework is available on Energy Development Corporation’s website at: <https://www.energy.com.ph>

³ 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.

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 EDC has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the EDC Green Bond Framework

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

- Use of Proceeds:
 - The eligible category, Renewable Energy, is aligned with those recognized by the GBP. Sustainalytics notes that the proceeds of the green bond issued under the Framework activities are expected to increase the share of renewables in the power mix, and reduce the emissions associated with power generation, primarily in the Philippines.
 - EDC may invest in geothermal, wind, solar, hydropower, bioenergy, and energy storage projects.
 - For geothermal projects, are considered eligible projects with a carbon intensity below 100gCO₂/kWh, which is in line with market practice.
 - Hydropower projects must observe a life-cycle carbon intensity below 100gCO₂/kWh and have a power density greater than 5W/m². EDC confirmed that all investment for new hydropower plants will include an environmental and social impact assessment by a credible body, and there will be no significant risk or expected negative impact identified.
 - EDC may finance bioenergy projects, including waste biomass to energy and non-waste to energy. The Company excludes the use of waste biomass from non-certified Roundtable on Sustainable Palm Oil ("RSPO") operations. Non-waste to energy projects must observe a life-cycle GHG emission intensity below 100gCO₂/kWh or achieve a substantial reduction – at least 50% – of life-cycle emissions relative to a fossil fuel baseline for biofuels. In addition, feedstock production must not occur on land with high biodiversity, or high amount of carbon before conversion to feedstock production and must not compete with food production. Non-waste biogas from peat, palm oil, and non-certified energy/oil crops are excluded. Sustainalytics considers the criteria for bioenergy as credible, and encourages EDC to report on the feedstock used in its reporting to provide further disclosure.
 - Energy storage projects may include electrochemical, mechanical, and power-to-gas projects. In the event of power-to-hydrogen, the project will be considered as eligible if carried through water electrolysis. Sustainalytics considers the criteria credible and aligned with market practice.
 - EDC has defined a two to three years look-back period for refinancing.
- Project Evaluation and Selection:
 - EDC's internal process in evaluating and selecting projects is handled by the Business Development team, in collaboration with various internal departments, such as the Subsurface Geothermal Resources; Facilities Operations and Maintenance; Finance; Strategic Initiatives, Legal and Regulatory; Integrated Planning; Strategy and Long Term Planning; and Corporate Support Functions. The Business development team will ensure that the projects comply with the eligibility criteria set in the Framework. EDC's Operations Committee and Board of Directors review and approve the projects. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Finance team is responsible for the management of proceeds. EDC will regularly monitor the allocation through its internal information system. EDC aims at reaching full allocation within three years following green bond issuance. Pending full allocation, EDC may temporarily invest

proceeds in cash or cash equivalents, or use the proceeds to repay or prepay debts,⁴ or use the proceeds following its internal liquidity management policies and strategies. Based on these elements, Sustainalytics considers this process to be in line with market practice.

- Reporting:
 - EDC intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include allocation of the net proceeds and balance of unallocated proceeds. In addition, EDC is committed to reporting on relevant impact metrics, including, but not limited to, installed capacity, electricity generation, and GHG emissions reduction or avoidance. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the EDC 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 EDC

Contribution of framework to Energy Development Corporation's sustainability strategy

As a renewable energy company, EDC has been implementing sustainability practices since its incorporation in 1976.⁵ The Company's core mission is "to forge collaborative pathways for a decarbonized and regenerative future."⁵ Following its commitment, as of 2019, EDC operates 1.2 GW of geothermal, 150 MW of wind, 132 MW of hydro, and 12 MW of solar.⁵ In total, the Company's portfolio includes 1.5 GW of renewable energy added capacity.⁵ Furthermore, compared to conventional coal-fired power plants, EDC's portfolio avoided 8.2 Mt CO₂e in 2019.⁶

The Company is committed to reducing the carbon intensity of its power generation activities.⁵ Between 2017 and 2018, EDC reduced its carbon intensity by 1.3%.⁵ Furthermore, the carbon intensity reduction amounted to 5.4% between 2018 and 2019.⁵ These reductions were achieved via the implementation of efficiency projects across the Company's operations, including power plant retrofitting cooling tower improvements and replacements, and planned outages to ensure preventive maintenance.⁵

Furthermore, the Company aims at increasing renewable power generation to 9,555 GWh, compared to 9,300 GWh in 2019.^{5,7} The projects funded under the Framework aim at expanding EDC's renewable energy added capacities. Therefore, they are likely to increase EDC's renewable power generation and help the Company achieve its generation target.

Sustainalytics is of the opinion that the EDC Green Bond Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

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 recognized by the GBP 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 eligible projects, could include worker health and safety, water withdrawal and discharge, emissions, and waste. Sustainalytics is of the opinion that EDC is able to manage and/or mitigate potential risks through implementation of the following:

- EDC is committed to protecting the health and safety of its workforce and stakeholders affected by its operations.⁸ To do so, the Company has implemented a Health, Safety, and Environmental Management System.⁸ Furthermore, EDC established a framework for setting HSE objectives and targets and implement HSE programs that seek to reduce work-related incidents.⁸ Between 2018 and 2019, EDC improved its safety performance thanks to a 66% reduction in recordable incidents.⁵

⁴ EDC has confirmed to Sustainalytics the exclusion of activities that are inherently emissions-intensive, such as coal or fossil-fuel technologies, from the refinancing of debt.

⁵ Energy Development Corporation, "2019 Integrated Report", (2020), at: https://www.energy.com.ph/wp-content/uploads/2020/07/EDC-Integrated-Report-2019_compressed.pdf

⁶ Based on EDC's portfolio estimated carbon intensity (0.1 tCO₂/MWh).

⁷ EDC has not yet fixed the date for its generation target and intends to update its report(s) when the target date has been set.

⁸ Energy Development Corporation, "Our Health, Safety, and Environmental Policy", (2021), at: <https://www.energy.com.ph/about/>

- EDC's business model depends on freshwater supply for various purposes, such as cooling needs for geothermal plants or occasional wells drilling.⁵ The Company is closely accounting for water withdrawal to reduce its water consumption, including surface water withdrawal and third-party provided water.⁵ As for water discharge, EDC has implemented a "Zero Discharge System" in its geothermal sites.⁵ EDC contains and re-inject geothermal water into the geothermal reservoir to preserve its geothermal resource and avoid the contamination of surface waters and shallow groundwater sources.⁵
- Regarding emissions, EDC is committed to tracking its impact and accounting for all the applicable GHG emissions emitted during operations, following the GHG Protocol.⁵ Between 2018 and 2019, EDC reduced its scope 2 and scope 3 emissions by 7.2%, and 10.7%, respectively.⁵ The Company's scope 1 emissions increased by 6% over the same period, which is mainly due to the increase in power generation.^{5,9}
- EDC is committed to protecting the environment through pollution prevention.⁵ The Company follows the waste hierarchy to minimize the disposal of waste in landfills.⁵ For hazardous waste, EDC aims to reduce generation through process improvement and changes in raw materials use.⁵ Hazardous wastes are transported, treated, and disposed of by third parties recognized by the Philippines' Department of Environment and Natural Resources ("DENR").^{5,10} The Company monitors waste monthly and reports quarterly to the DENR.⁵
- EDC also commits to the IFC Performance Standards on Environment and Social Sustainability.¹¹ The projects funded under the Framework undergo environmental and social impact assessment.² Moreover, EDC has implemented an environmental management system to assess and mitigate environmental and social risks.²

Based on these policies, standards and assessments, Sustainalytics is of the opinion that EDC has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

Increasing the share of renewables in the global and Philippines' power mixes

Globally, power production accounted for 38% of total energy-related CO₂ emissions in 2018.¹² In 2019, fossil fuels accounted for 62% of total power generation, including 36% of total generation from coal, 23% from natural gas, and 3% from oil.¹³ In 2019, renewables made up 28% of total power generation worldwide.¹³ Generation from renewables increased substantially between 2018 and 2019, including an 11.9% increase in wind generation and a 22.3% increase in solar photovoltaics generation.¹³ Worldwide, GHG emissions from coal-fired power plants decreased by 3.1% in 2019 but coal remained the largest single source, with a 36% share of total generation.¹³

In the Philippines, electricity generation accounted for 53.2% of total GHG emissions in 2019.¹⁴ Between 2009 and 2019, the absolute emissions from power generation increased by 144.9%.¹⁴ In 2019, total installed generation capacity in the Philippines totalled 25.5 GW, including 10.4 GW of coal, 4.3 GW of oil, 3.4 GW of natural gas, and 7.4 GW of renewable energy.¹⁴ Power generation from coal increased by an average annual growth rate ("AAGR") of 13.4% between 2015 and 2019, while renewable generation increased by an AAGR of 0.9% during the same period.¹⁴ Nevertheless, the Philippines have expressed interest in developing renewable energy added capacities to meet growing power demand and reduce its contribution to climate change.¹⁵ Sustainalytics notes that the financing included in the Framework could further increase the share of renewables in the Philippines's power mix and potentially reduce the contribution of power generation to climate change.

⁹ The Company has achieved to reduce its carbon intensity by 5.4% over the same period.

¹⁰ Department of Environment and Natural Resources, "DENR Mandate, Mission & Vision", (1987), at: <https://www.denr.gov.ph/index.php/about-us/mission-vision>

¹¹ IFC, "IFC Performance Standards on Environmental and Social Sustainability - Effective January 1, 2012", (2012), at:

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_pps

¹² IEA, "Global Energy & CO₂ Status Report", (2019), at: <https://www.iea.org/reports/global-energy-co2-status-report-2019/emissions>

¹³ IEA, "Global Energy Review 2019", (2020), at: <https://www.iea.org/reports/global-energy-review-2019>

¹⁴ Department of Energy, "Key Energy Statistics", (2020), at: https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/2019-key-energy-statistics.pdf

¹⁵ International Trade Administration (USA), "Philippines Energy Market", (2020), at: <https://www.trade.gov/market-intelligence/philippines-energy-market#:~:text=The%20current%20energy%20mix%20is,current%20energy%20capacity%20at%2023GW.>

Sustainalytics considers that the projects are impactful and could help to decrease the GHG emissions of power production in the Philippines and the countries where the projects may take place.

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 EDC Green Bond Framework advances the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.1. By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

EDC has developed the EDC Green Bond Framework under which it will issue green bonds and the use of proceeds to finance and refinance renewable energy projects. Sustainalytics considers that the projects funded by the green bond proceeds are expected to reduce the GHG emissions associated with power generation, primarily in the Philippines.

The EDC 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 EDC Green Bond Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 7. Additionally, Sustainalytics is of the opinion that EDC 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 Energy Development Corporation is well-positioned to issue green bonds and that the EDC Green Bond Framework is robust, transparent, and in alignment with the four core components of the GBP.

Appendix

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

Section 1. Basic Information

Issuer name: Energy Development Corporation

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: EDC Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: January 28, 2021

Publication date of review publication:

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 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

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 – Renewable Energy – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" 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):

EDC's internal process in evaluating and selecting projects is handled by the Business Development team. The Business Development team will ensure that the projects comply with the eligibility criteria set in the Framework. 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):

The Finance team is responsible for the management of proceeds. EDC aims at reaching full allocation within three years following green bond issuance. Pending full allocation, EDC may temporarily invest proceeds in cash or cash equivalents, or use the proceeds to repay or prepay debts, or use the proceeds following its internal liquidity management policies and strategies. 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:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

EDC intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include allocation of the net proceeds and balance of unallocated proceeds. In addition, EDC is committed to reporting on relevant impact metrics, such as installed capacity and electricity generation. Sustainalytics views EDC'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*): balance of unallocated proceeds

Frequency:

- ☒ Annual ☐ Semi-annual
- ☐ Other (*please specify*):

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*): installed capacity, electricity generation

Frequency

- ☒ Annual ☐ Semi-annual
- ☐ Other (*please specify*):

Means of Disclosure

- ☐ Information published in financial report ☒ Information published in sustainability report or Integrated 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.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- ☒ Consultancy (incl. 2nd opinion) ☐ Certification
- ☐ Verification / Audit ☐ Rating

☐ Other (please specify):

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.

5th Green Bond Pioneer Awards

Climate Bonds Initiative

Largest Verifier for Certified
Climate Bonds of 2019

awarded to Sustainalytics



More information conference.climatebonds.net/awards



GlobalCapital
SRI Awards

Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider



The
Green Bond
Principles