

Second-Party Opinion

Atlantica Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Atlantica Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles (GBP) 2018 and Green Loan Principles (GLP) 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 GBP 2018 and GLP 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals 7 – Affordable & Clean Energy.



PROJECT EVALUATION / SELECTION Atlantica's ESG and Finance Teams will be responsible for project evaluation and selection. The ESG Team will select and recommend eligible projects to the Finance Team who will then approve the recommended projects. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Atlantica has an internal tracking system to monitor and account for the funds raised under the framework. Atlantica is managing the proceeds in a portfolio approach. Atlantica will strive, over time, to achieve a level of allocation for the Eligible Green Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Any unallocated proceeds will be held temporally in cash, cash equivalents, or other forms of available short-term funding sources. This is in line with market practice.



REPORTING Atlantica intends to report allocation of proceeds on its website on an annual basis until full allocation or in case of material developments. In addition, Atlantica is committed to reporting on relevant impact metrics such as emissions, where feasible. Sustainalytics views Atlantica allocation and impact reporting as aligned with market practice.

Evaluation date	March 17, 2020
Issuer Location	Brentford, United Kingdom

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Introduction

Atlantica Sustainable Infrastructure Plc (“Atlantica”, the “Company”, the “Issuer”) is a sustainable infrastructure company which owns, manages and acquires a diversified portfolio of contracted assets in the power and environment sectors. Atlantica has close to 1.5 GW of solar and wind assets in operation. The portfolio also includes 1,152 miles of transmission lines, 10.5 Mft³/ day of water capacity and 343 MW of efficient natural gas assets¹. By geography, Atlantica is present in North America, South America, and certain markets in Europe, the Middle East and Africa (EMEA). All the assets in the portfolio have contracted revenues (regulated revenues in the case of its Spanish assets and one transmission line in Chile) and are underpinned by long-term contracts, with a weighted average remaining contract life of approximately 18 years. In 2019, Atlantica changed its brand and logo to Atlantica Sustainable Infrastructure to better reflect the nature of its business.

The Issuer has developed the Atlantica Green Finance Framework (the “Framework”) under which it intends to issue one or more green bonds and other green finance instruments and use the proceeds to finance and/or refinance, in whole or in part, existing as well as future projects that promote renewable energy, particularly solar, wind and small-scale hydro projects. Part of the proceeds will also be used to finance, or refinance transmission lines dedicated to bringing renewable energy to the grid. The Framework defines eligibility criteria in one area:

1. Renewable energy

Atlantica engaged Sustainalytics to review the Atlantica Green Finance Framework, dated March 2, 2020 and provide an updated second-party opinion² on the Framework’s environmental credentials and its alignment with the GBP 2018³ and GLP 2018.⁴ This Framework has been published in a separate document.⁵

As part of this engagement, Sustainalytics held conversations with various members of Atlantica’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 Atlantica’s Green Finance Framework. Sustainalytics also reviewed relevant public documents and non-public information.

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

¹ Atlantica, Factsheet, (2019) at: https://www.atlanticayield.com/export/ga-atlantica-backup-17-6-19/Factsheet-Atlantica-Yield_April-2019.pdf

² Initial second-party opinion was provided in December 2019.

³ 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/>

⁴ The Green Loan Principles are administered by the Loan Markets Association and are available at: https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

⁵ The Atlantica Green Finance Framework will be made available on the Atlantica website at: <https://www.atlanticayield.com/web/en>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Atlantica Green Finance Framework

Summary

Sustainalytics is of the opinion that the Atlantica Green Finance Framework is credible and impactful and aligns with the four core components of the GBP 2018 and GLP 2018. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The use of proceeds category of the Atlantica's Green Finance Framework, i.e. Renewable Energy Projects, is recognized by the GBP 2018 and GLP 2018.
 - The proceeds raised by green finance are intended to be used to finance or refinance, in whole or in part, the construction, development, or acquisition of new or on-going solar, wind and small-scale hydro projects as well as transmission lines dedicated to carrying renewable energy to the grid.
 - Sustainalytics notes positively that small-scale hydro power projects are defined as less than 25 megawatts.
 - Sustainalytics notes positively that at least 80% of the transmission lines are dedicated to transmitting renewable energy.
- Project Evaluation and Selection:
 - Project evaluation and selection will be undertaken by Atlantica's ESG Team and Finance Teams. The ESG Team will recommend allocation of eligible assets to the Finance Team who will ultimately be responsible for approving the recommended projects. Atlantica's ESG Team leadership reports directly to the CFO.
 - Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - An internal tracking system has been established by Atlantica to monitor and account for the funds raised under the Framework. Any unallocated proceeds will be held temporally in cash, cash equivalents, or other forms of available short-term funding sources. Atlantica is managing the proceeds in a portfolio approach. Atlantica will strive, over time, to achieve a level of allocation for the Eligible Green Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Bonds. In the case of disinvestment or if a project no longer meets the eligibility criteria, the funds will be reallocated to other Eligible Assets.
 - Sustainalytics considers this to be in line with market practice.
- Reporting:
 - Atlantica will publish a Green Finance Report on its website⁶ annually until all the proceeds from the green finance instruments have been allocated, and/or in case of any material development or changes.

The Green Finance Report will provide allocation details such as:

- i. the amount of net proceeds allocated to Eligible Assets
- ii. the balance of unallocated proceeds
- iii. the share and/or amount of financing vs refinancing
- iv. the geographical distribution of the Eligible Assets

Where feasible, Atlantica intends to report on environmental impacts such as:

- i. Total installed capacity in MW
- ii. Estimated GHGs emissions avoided in tons of CO2 equivalent
- iii. Impact studies may be supplemented with examples of specific project and/or dedicated case studies

⁶ Green Finance Report will be published in Atlantica's website at: <https://www.atlanticayield.com/web/en>

Alignment with Green Bond Principles 2018 and Green Loan Principles 2018

Sustainalytics has determined that the Atlantica Green Finance Framework aligns to the four core components of the GBP 2018 and GLP 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of framework to Atlantica's sustainability strategy

Being a sustainable infrastructure company, Atlantica's business purpose is to own, manage and acquire sustainable infrastructures with a majority of the business in renewable energy facilities, alongside other technologies such as electric transmission lines, energy storage, water desalination plants and efficient natural gas assets. The Company considers sustainable development as a competitive advantage and as of 2018 approximately 76 percent of its revenue came from solar and wind assets.⁷

Atlantica is committed to reducing its operational impacts. It not only believes in investing in assets that are environmentally sustainable, but also managing these assets effectively and in a sustainable way. Atlantica is looking to make its renewable energy facilities more energy efficient and plans to reduce its emission rate per unit of energy generated by 10% by 2030.⁷ As per the Company's corporate presentation⁸, Atlantica estimates that its projects helped avoid up to approximately 4.7 million tons of CO₂ emissions as a result of its approximately 1,500 MW of renewable energy installed capacity. Atlantica is also committed to support the United Nations Global Compact principles in the areas of human rights, labor, the environment and anti-corruption and has assessed its climate related risks and opportunities as per the Task Force on Climate-related Financial Disclosures recommendations.

Going forward, Atlantica is committed to maintaining its revenue generated from low carbon infrastructure (i.e., renewable energy facilities, transmission lines dedicated to renewable energy, and water assets) at 80 percent.⁷ Therefore, Sustainalytics is of the opinion that the Atlantica Green Finance Framework is aligned with the company's overall business purpose and sustainability strategy 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 use of proceeds from the Framework will be directed towards eligible projects that are recognized by the GBP 2018 and GLP 2018 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 operations phase of solar, wind and small-scale hydro projects include occupational health and safety of workers, impact on local communities residing near the project sites and emissions, effluents, and waste generated in from the renewable facilities.

Sustainalytics is of the opinion that Atlantica can manage and mitigate potential risks through implementation of the following:⁷

- Health and safety: Atlantica conducts internal and external audits annually to evaluate their health and safety management system in accordance with the OHSAS:18001 standard requirements. It is committed to maintaining a zero-accident culture in its facilities and fatality rate as well as incidence of major injuries has been zero since the Company's creation. It also provides an annual training program on safety awareness for its employees, designed in accordance with the risks in the different job positions and work.
- Environmental Management System: Atlantica ensures that its facilities comply with the organization's internal policies as well as the local regulations of the market it operates in. Its internal Environment Quality Management System complies with the ISO 14001 and ISO 9001 certifications.⁹
- Waste Management: Atlantica has a waste management process for hazardous and non-hazardous waste. Its hazardous waste mainly consists of heat transfer fluid (HTF) used in its solar projects and the Company proactively disposes of contaminated soil. Its non-hazardous

⁷ Atlantica, ESG Report 2018, at: <https://www.atlanticayield.com/export/ga-atlantica-backup-17-6-19/ESG-Report-2018.pdf>

⁸ Atlantica, Corporate Presentation, at: <https://www.atlanticayield.com/export/ga-atlantica-backup-17-6-19/AY-Corporate-Presentation-February-2020-vf.pdf>

⁹ ISO 14001 defines criteria for an Environment Management System and ISO 9001 specifies requirements for a Quality Management System.

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- waste is mainly a sub product from its water treatment plants and the Company has managed to find alternatives to landfilling, for example reusing non-hazardous waste as organic fertilizer.
- Water management: Atlantica has taken steps to reduce water use in its solar power plants, which are in water stressed regions. For example, the Company uses an air-dry cooling system, instead of cooling towers, to reduce water consumption. In 2018 Atlantica withdrew 47 percent of its permitted water withdrawal limit, down from 49 percent in 2017, as a result of implementing water saving initiatives.

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

Section 3: Impact of Use of Proceeds

The use of proceeds category, Renewable Energy, is recognized by the GBP 2018 and GLP 2018. Sustainalytics has focused on the impact of renewable energy where it is specifically relevant in the regional context.

Importance of increasing renewable energy in countries located in North America, South America and the EMEA region

Atlantica's business primarily consists of Renewable Energy assets, which accounts for approximately 66% of the portfolio value.¹⁰ Its renewable energy portfolio consists of solar assets in North America (United States) as well as the EMEA regions (Spain and South Africa), and wind and mini-hydro assets in South America (Uruguay and Peru).

- North America: The United States is responsible for 15 percent of global CO₂ emissions¹¹ and its electricity sector alone contributes 28 percent of its total emissions.¹² Therefore, decarbonizing United States' electricity sector is vital to stay within the 2 degree Celsius warming limit.¹³ Atlantica's solar electric generation facilities in the States of Arizona and California, with installed capacity of 560 MW, will help increase United States' renewable electricity share and ultimately contribute towards limiting global temperature rise.
- South America: Atlantica has renewable energy facilities and renewable energy supporting infrastructure in Peru and Uruguay. Both countries fall under the developing countries category,¹⁴ and have seen high economic growth rates in the recent. For example, Peru's economy grew at an annual average rate of 3.2 percent between 2014 and 2018¹⁵ and Uruguay's economy grew at an average rate of 4.1 percent from 2003 to 2018¹⁶. Historically, economic growth has been accompanied by increases in energy demand which then results in an increase in GHG emissions, assuming energy demands are met by fossil fuel sources.¹⁷ Therefore, it is crucial that economic development in this region is accompanied by growth in its clean energy sector.
- EMEA: Atlantica primarily operates in Spain in the EMEA region, with approximately 682 MW of installed solar energy. Spain has an ambitious target to switch to 100 percent renewable energy by 2050,¹⁸ and therefore needs to further increase investment in its renewable energy sector. In South Africa, Atlantica has partnered with the national Department of Energy on a 100 MW of solar energy facility in the Northern Cape Province¹⁹, thereby contributing to South Africa's goal of 20,000 MW of renewable energy by 2020.²⁰

¹⁰ Atlantica, Corporate Presentation - Based on CAFD estimates for the 2019-2023 period, November 2019, at: <https://www.atlanticiayield.com/export/ga-atlantica-backup-17-6-19/AY-Corporate-Presentation1-November-2019.pdf>

¹¹ United States Environmental Protection Agency, Global Greenhouse Gas Emissions Data, (accessed on December 2019), at: <https://www.epa.gov/ghgemissions/global-greenhouse-gas-emissions-data>

¹² United States Environmental Protection Agency, Sources of Greenhouse Gas Emissions, (accessed on December 2019), at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

¹³ Paris Agreement's aim to keep global temperature rise this century under 2 degrees Celsius as compared to pre-industrial levels in order to avoid catastrophic climate change effects. Intergovernmental Panel on Climate Change, Global Warming of 1.5 Degree Celsius, 2019, at: https://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf

¹⁴ United Nations, World Economic Situation and Prospects, 2014, at:

https://www.un.org/en/development/desa/policy/wesp/wesp_current/2014wesp_country_classification.pdf

¹⁵ The World Bank, The Work Bank in Peru, (accessed in December 2019), at: <https://www.worldbank.org/en/country/peru/overview>

¹⁶ The World Bank, The Work Bank in Uruguay, (accessed in December 2019), at: <https://www.worldbank.org/en/country/uruguay/overview>

¹⁷ United Nations Department of Economic and Social Affairs, February 2019, at: <https://www.un.org/en/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2019-briefing-no-123/>

¹⁸ The Institute for Energy Economics and Financial Analysis (IEEFA), 'Spain aims for 100% renewables by 2050', November 2018, at: <https://ieefa.org/spain-aims-for-100-renewables-by-2050/>

¹⁹ Atlantica Sustainable Infrastructure, ESG Report 2018, at: <https://www.atlanticiayield.com/export/ga-atlantica-backup-17-6-19/ESG-Report-2018.pdf>

²⁰ South African Government, Energy, (accessed on December 2019), at: <https://www.gov.za/about-sa/energy>

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Sustainalytics believes that the use of proceeds from Atlantica's green finance instruments, which will be used to finance and refinance renewable energy infrastructure, will help increase the share of renewable energy in United States' energy mix and support South America as well as EMEA region's effort to shift towards a low-carbon economy.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This Framework advances the following SDG goal and target:

Use of Proceeds Category	SDG	SDG target
Renewable energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Atlantica has developed the Atlantica Green Finance Framework under which it will issue green finance instruments to finance or refinance Renewable Energy infrastructure, particularly solar, wind or small-scale hydro projects, as well as transmission lines dedicated to bringing renewable energy to the grid. Sustainalytics considers that the projects funded by the green finance proceeds will help transition to a low carbon economy.

The Atlantica Green Finance 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 Atlantica Green Finance 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 SDG goal of Affordable and Clean Energy. Additionally, Sustainalytics is of the opinion that Atlantica 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 Atlantica Sustainable Infrastructure is well-positioned to issue green bonds and that the Atlantica Green Finance Framework is robust, transparent, and in alignment with the four core components of the GBP 2018 and GLP 2018.

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

Issuer name:	Atlantica Sustainable Infrastructure Plc
Green Bond ISIN or Issuer Green Finance Framework Name, if applicable: <i>[specify as appropriate]</i>	Atlantica Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 17, 2020
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

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 GBPs:

- | | |
|--|--|
| <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 <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 – Renewable energy, is aligned with those recognized by the GBP 2018 and GLP 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals 7 – Affordable & Clean Energy.

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 GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

Atlantica's ESG and Finance Teams will be responsible for project evaluation and selection. The ESG Team will select and recommend eligible projects to the Finance Team who will then approve the recommended projects. 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 type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input checked="" type="checkbox"/> Other <i>(please specify)</i> : Defined and transparent criteria for projects eligible for Green Loan proceeds |

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):

Atlantica has an internal tracking system to monitor and account for the funds raised under the framework. Atlantica is managing the proceeds in a portfolio approach. Atlantica will strive, over time, to achieve a level of allocation for the Eligible Green Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Any unallocated proceeds will be held temporarily in cash, cash equivalents, or other forms of available short-term funding sources. 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): Green Loan proceeds segregated or tracked by the issuer in an appropriate manner

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):

Atlantica intends to report allocation of proceeds on its website on an annual basis until full allocation or in case of material developments. In addition, Atlantica is committed to reporting on relevant impact metrics such as emissions, where feasible. Sustainalytics views Atlantica 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):

Impact reporting:

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

Frequency:

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

Information reported (expected or ex-post):

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

Means of Disclosure

- ☐ Information published in financial report ☐ Information published in sustainability report
- ☐ Information published in ad hoc documents ☒ Other (please specify): Atlantica will publish a Green Finance Report on its website:
<https://www.atlanticayield.com/web/en>
- ☐ 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.)

Green Finance Framework to be published on: <https://www.atlanticayield.com/web/en>

Green Finance Second Party Opinion to be published on: <https://www.atlanticayield.com/web/en>

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 and GLP

- 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 Finance 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 and Green Loan 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 and Green Loan proceeds, statement of environmental impact or alignment of reporting with the GBP or GLP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Finance Framework or Use of Proceeds certified against a recognized 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 Finance Framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized 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.

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

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

Or contact us info@sustainalytics.com

