

# Second-Party Opinion

## Santander Consumer Bank Green Bond Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Green Bond Framework is credible and impactful and aligns with 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, Clean Transportation, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the finance or refinance of electric vehicles will lead to positive environmental impacts and advance SDG 11 – Sustainable Cities and Communities.



**PROJECT EVALUATION / SELECTION** SCB has established a Green Bond Working Group that will be responsible for selecting loans to be included in the bond portfolio and ensuring that the loans are aligned with the eligibility criteria of the framework. Sustainalytics considers this to be in line with market practice.



**MANAGEMENT OF PROCEEDS** - SCB will manage the proceeds of the Green Bond issued under this framework in a portfolio approach. SCB will ensure that the Eligible Green Loan Portfolio always exceeds the total balance of all outstanding Green Bonds and will remove and replace a loan that ceases to fulfill the eligibility criteria mentioned in the Green Bond framework. This is in line with market practices.



**REPORTING** SCB will report on the allocation of proceeds within one year from the date of Green Bond transaction and annually thereafter, until the proceeds have been fully allocated. Impact reporting will include relevant quantitative metrics such as estimated ex-ante annual GHG emissions reduced / avoided in tons of CO2 equivalent vs fuel-based powertrain vehicles, calculated by a specialist third-party consultant. Sustainalytics views SCB's allocation and impact reporting as aligned with market practice.

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<b>Evaluation date</b>	December 5, 2019
<b>SCB Location</b>	Lysaker, Norway

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## Introduction

Santander Consumer Bank AS (“SCB” or “the Bank”) is a Norwegian commercial bank, wholly owned by Santander Consumer Finance SA, the consumer arm of Banco Santander, one of the largest financial groups in the world. The bank offers credit cards, consumer loans and savings products and is a leader in car and leisure finance. In 2018, the Bank was the largest automotive lender in the Norwegian, Danish and Finnish markets, also maintaining a significant presence in Sweden.

SCB has developed the Santander Consumer Bank Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, new and existing retail loan and lease contracts (‘Eligible Green Loans’) for low emission passenger vehicles. The Framework defines as eligible electric powertrain vehicles.

SCB engaged Sustainalytics to review the Green Bond Framework, December 2019 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

As part of this engagement, Sustainalytics held a dialogue with SCB’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 SCB’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of SCB’s Green Bond Framework and should be read in conjunction with the Framework.

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<sup>1</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>2</sup> The Framework will be made available on SCB’s website at: <https://www.santanderconsumer.no/om-oss/investor-relations/>

## Sustainalytics' Opinion

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

#### Summary

Sustainalytics is of the opinion that the Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of SCB's green bond framework:

- Use of Proceeds:
  - The use of proceeds category, clean transportation, is recognized by the Green Bond Principles as impactful. Refer to Section 3 for further discussion of the impact of low-emissions passenger vehicles reducing GHG emissions from the transport sector.
  - Sustainalytics highlights that SCB's green bond(s) will finance only electric powertrain vehicles<sup>3</sup>, which is viewed as best practice within the green bonds market.
- Project Evaluation and Selection:
  - SCB will establish a green register of Eligible Green Loans; loans will be selected from this register to be financed by the green bond funds.
  - SCB has created a *Green Bond Working Group* which consists of representatives from relevant departments of SCB. The Working Group will review selected loans regularly to ensure ongoing compliance with the eligibility criteria, and is also responsible for managing the implementation of the Framework, including any future updates.
  - Sustainalytics considers this process to be aligned with market practice.
- Management of Proceeds:
  - SCB will manage the proceeds of the Green Bond issued under this framework in a portfolio approach. SCB intends that the size of the Eligible Green Loan Portfolio always matches or exceeds the total balance of all outstanding Green Bonds, and will add loans to the portfolio as needed to achieve full allocation.
  - SCB will ensure that during the life of the Green Bond, if a loan ceases to fulfill the eligibility criteria, SCB will remove and replace the loan. Pending allocation, unallocated proceeds may be held or invested by SCB in its treasury liquidity portfolio.
  - Based on the commitment to a portfolio approach, and ongoing review to ensure compliance, Sustainalytics considers this process to be aligned with market practice.
- Reporting:
  - Aligned with market practice, SCB commits to report on the allocation of proceeds within one year from the date of Green Bond transaction and annually thereafter, until the proceeds have been fully allocated. SCB's green bond allocation report will provide information about indicators such as the size of the identified Eligible Green Loan Portfolio, the total amount of proceeds allocated to Eligible Green Loans, the balance (if any) of unallocated proceeds, the amount or the percentage of new financing and refinancing as well as the geographic allocation breakdown of the assets (at country level)
  - SCB will make available an impact report on its website, which will include information such as to annual GHG emissions reduced / avoided in tons of CO<sub>2</sub> equivalent or volume of gasoline saved per year.
  - Based on the commitment to annual reporting of both allocation and impact, Sustainalytics views this process to be aligned with market practice, and highlights in particular the appointment of a specialist consultant to develop a methodology for quantifying impact.<sup>4</sup> In addition, Sustainalytics notes positively that SCB intends to obtain verification of its allocation reporting by an independent auditor.

<sup>3</sup> The financing and / or refinancing of electric powertrain vehicles loans is aligned with the EU Technical Expert Group's June 2019 Taxonomy Technical Report as well as the Low Carbon Transportation criteria of the Climate Bond Initiative.

<sup>4</sup> Santander Consumer Bank has commissioned the third-party consultant Multiconsult to assess its portfolio of electric powertrain vehicle loans. This report, provided to Sustainalytics for review, concludes that all loans within the portfolio comply with the eligibility criteria of the Framework and estimates that the vehicles included in the portfolio result in reduced emissions of 15,000 tCO<sub>2</sub>/year.

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

Sustainalytics has determined that SCB's green bond Framework aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of the SCB**

### **Contribution of framework to SCB's sustainability strategy and targets**

SCB's sustainability strategy, like that of Santander Consumer Finance SA, is aligned with Santander Group's overall commitments to protect the environment and fight against climate change, as described in its General Sustainability Policy.<sup>5</sup> This document defines the Group's approach to "long-term sustainable business", including its "ethical, social and environmental commitments"; SCB has adopted this policy as its own. Santander's General Sustainability Policy is supplemented by the Group's related policies, which include a Climate Change and Environmental Management Policy<sup>6</sup>, which calls for the Group to take actions such as minimizing direct pollution, considering the impact of its products, and promote products that support a transition to a low carbon economy, as well as other relevant policies covering thematic areas such as human rights and supply chain actors, or directed at specific sectors.<sup>7</sup> Additionally, SCB has implemented its own Culture Policy, which describes how the Bank will uphold the general commitments of its sustainability strategy and other commitments within the local context of its operations.<sup>8</sup>

To work towards the goals established within its policies, SCB has made commitments to minimize the environmental impacts of its facilities and internal operations. Examples of actions undertaken include partnering with CHOOOSE<sup>9</sup> to offset its emissions; through this program SCB has financed renewable energy projects in India and expects to expand this initiative to Thailand and Vietnam in the coming year. It has also undertaken initiatives relating to loans for vehicles with low carbon emissions easily accessible by building IT solutions as well implementing the SHFT pilot project, giving customers the flexibility to swap cars based on his or her needs. SCB reports on its Sustainability progress, through the metric of the SDGs, as part of its Annual Report.<sup>10</sup>

Based on the Bank's policy commitments, as well as a demonstrated record of implementing programs that actively seeks to promote financing of products that lower negative environmental and social impacts, Sustainalytics considers that the Framework will advance SCB's sustainability objectives, and that the Bank is well-positioned to issue green bonds.

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

The electric vehicle loans defined as the use of proceeds of SCB's green bond are expected to deliver overall environmental and social benefits. However, as with all large initiatives, this programme may be exposed to environmental and social risks. For the deployment of electric vehicles, the most relevant risks include the environmental and social impacts of electric vehicle supply chains, including batteries, and health & safety risks related to vehicle operations. Additionally, consumer lending involves financial risks for the offering entity as well as risks to the borrower.

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<sup>5</sup> General Policy General Sustainability Policy. Santander Group.

[https://www.santander.com/csgs/Satellite/CFWCSancomQP01/en\\_GB/pdf/general\\_sustainability\\_policy.pdf](https://www.santander.com/csgs/Satellite/CFWCSancomQP01/en_GB/pdf/general_sustainability_policy.pdf)

<sup>6</sup> General Policy Climate Change and Environmental Management Policy. Santander Group.

[https://www.santander.com/csgs/Satellite/CFWCSancomQP01/en\\_GB/pdf/climate\\_change\\_and\\_environmental\\_management\\_policy.pdf](https://www.santander.com/csgs/Satellite/CFWCSancomQP01/en_GB/pdf/climate_change_and_environmental_management_policy.pdf)

<sup>7</sup> Policies. Santander Group. [https://www.santander.com/csgs/Satellite/CFWCSancomQP01/en\\_GB/Corporate/Sustainability/Santander-and-sustainability/Policies-.html?cidSel=1278689256241](https://www.santander.com/csgs/Satellite/CFWCSancomQP01/en_GB/Corporate/Sustainability/Santander-and-sustainability/Policies-.html?cidSel=1278689256241)

<sup>8</sup> This confidential document has been provided to Sustainalytics for review.

<sup>9</sup> CHOOOSE is an organization that helps individuals or organization compensates for their greenhouse gas emissions by buying climate credits. The money goes to funding CO2-reducing projects that have been verified by the United Nations. <https://chooose.today/>

<sup>10</sup> Annual Report 2018. Santander Consumer Bank Nordic Group and Santander Consumer Bank AS.

[https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/financial-reports/santander-consumer-bank-nordic-group\\_annual-report-2018.pdf](https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/financial-reports/santander-consumer-bank-nordic-group_annual-report-2018.pdf)

SCB has internal risk management processes which mitigate the Bank's exposure to financial risk, with the *Advanced Risk Management* group responsible for ensuring that the bank remains robust, safe and sustainable. In addition to focusing on financial risks, SCB also tightly monitors its corporate governance and compliance risks. SCB also has an *Irregularities Committee* through which it keeps a check on any improper conduct both internally as well as of its supplier relationships.<sup>11</sup> Additionally, the Bank has a Nordic Retail Credit Policy which both addresses SCB's appetite for risk, as well as describing criteria which should be used to assess its customers, with the goal of recruiting borrowers who "have an expected future stability" while avoiding those that "have shown a lack of ability to control their own finances".<sup>12</sup>

Sustainalytics recognizes that some risks related to the use of cars cannot be mitigated by SCB, and are instead dependent on customers and other third parties; these include road safety, supply chain impacts of purchased vehicles, and vehicle end of life management. Sustainalytics highlights that some of these risks are addressed by government regulations in the countries in which SCB operates. Overall, Sustainalytics is of the opinion that SCB is well-placed to address common environmental and social risks associated with its green bonds.

### Section 3: Impact of Use of Proceeds

The use of proceeds category, clean transportation, is recognized as impactful by the GBP. Sustainalytics has focused on the activities below where the impact is specifically relevant in the local context.

#### Impact of clean transportation on GHG emission avoidance

According to the European Environment Agency, the transport sector contributed 27 percent of total EU-28 greenhouse gas emissions in 2016.<sup>13</sup> According to a report by the International Transport Forum (ITF), a specialized intergovernmental organization within the OECD, the volumes of the transportation sector will experience substantial growth across all its segments, including passenger and commercial cars, by 2050, resulting in potential CO<sub>2</sub> emissions increases of 60% by 2050 in the absence of proper mitigation measures.<sup>14</sup> SCB's largest market for automotive financing, Norway, has an ambitious 2050 target of reducing its greenhouse gasses by 80 to 95 percent as compared to 1990 levels.<sup>15</sup> Currently, about 50 per cent of Norway's emissions are covered by the EU Emissions Trading System (ETS); of the emissions that are not covered by the EU ETS, the transport sector accounts of 60 percent of these emissions. Therefore, a huge portion of the domestic emission reductions from Norway from the non-ETS sectors depends on transitioning to a low carbon transport sector.<sup>16</sup>

Sustainalytics also highlights that SCB's financing will focus on electric powertrain vehicles. There, a variety of lower-emissions vehicle options exist, including hybrids, hydrogen fuel cells, and biofuels and alternative fuels. While many of these options may provide some environmental benefit when compared to gasoline or diesel powertrains, they are not equivalent in terms of overall emissions, at either the tailpipe or on a lifecycle "wells-to-wheels" basis. Battery electric vehicles are considered to be the most environmentally beneficial from an emissions perspective.<sup>17</sup>

Considering these factors, Sustainalytics is of the opinion that SCB's commitment to finance/ refinance electric powertrain vehicles will deliver environmental benefits and contribute to achieving climate-related goals.

<sup>11</sup> Annual Report 2018. Santander Consumer Bank Nordic Group and Santander Consumer Bank AS.

[https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/financial-reports/santander-consumer-bank-nordic-group\\_annual-report-2018.pdf](https://www.santanderconsumer.no/globalassets/om-oss/investor-relations/financial-reports/santander-consumer-bank-nordic-group_annual-report-2018.pdf)

<sup>12</sup> This internal document has been provided to Sustainalytics for review

<sup>13</sup> Greenhouse gas emissions from transport. European Environment Agency. <https://www.eea.europa.eu/data-and-maps/indicators/transport-emissions-of-greenhouse-gases/transport-emissions-of-greenhouse-gases-11>

<sup>14</sup> ITF Transport Outlook 2017. <https://www.itf-oecd.org/sites/default/files/docs/transport-co2-paris-climate-agreement-ndcs.pdf>

<sup>15</sup> Climate Change Act. Norwegian Government. <https://www.regjeringen.no/en/dokumenter/climate-change-act/id2593351/>

<sup>16</sup> National Transport Plan 2018–2029. Norwegian Ministry of Transport and Communications.

<https://www.regjeringen.no/contentassets/7c52fd2938ca42209e4286fe86bb28bd/en-gb/pdfs/stm201620170033000engpdfs.pdf>

<sup>17</sup> How much CO<sub>2</sub> do electric vehicles, hybrids and gasoline vehicles emit?; NEB; accessed February 2019. <https://www.neb-one.gc.ca/nrg/ntgrtd/mrkt/frtrtcl/2018-09-12hwmchcbrndxd-eng.html>

## Santander Consumer Bank Green Bond

### 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 green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

### Conclusion

Santander Consumer Bank AS (“SCB”) has developed a Green Bond Framework, under which it intends to issue Green Bonds, and use the proceeds to fund investments in clean transportation, specifically the financing or refinancing of electric vehicle loans. Sustainalytics highlights that SCB has obtained a report from the independent consultancy Multiconsult, to confirm compliance with the criteria of the Framework and estimate the impacts.

Sustainalytics assessed SCB’s Green Bond Framework and confirms its alignment with the ICMA Green Bond Principles. The use of proceeds category, clean transportation, is recognized as impactful by the Green Bond Principles and Sustainalytics considers the financing of electric vehicles to contribute to reducing GHG emissions. In addition, SCB’s processes for project selection and evaluation, management of proceeds and reporting of proceeds allocation and impact are aligned with market practice. Furthermore, Sustainalytics believes that the investments funded by the Green Bonds will contribute to the advancement of the UN Sustainable Development Goals, in particular Goal 11 – Sustainable Cities and Communities.

Based on the above, Sustainalytics considers the SCB’s Green Bond Framework to be robust, transparent, and in alignment with the Green Bond Principles 2018.

## Appendices

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

<b>Issuer name:</b>	Santander Consumer Bank AS
<b>Green Bond ISIN or SCB Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i></b>	SCB Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	December 5, 2019
<b>Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i></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 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 <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 are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers the project funded - Financing / refinancing of electric powertrain vehicles to have positive environmental benefits and to contribute towards Norway's and in turn the global transition to a low carbon economy.

#### 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 checked="" 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*):

SCB has established a Green Bond Work Group which will be responsible for selecting loans to be included in the bond portfolio and ensuring that the loans are aligned with the eligibility criteria of the framework. Sustainalytics considers this to be in line with market practice.

#### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the SCB's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|--|---|

## Santander Consumer Bank Green Bond

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

### Information on Responsibilities and Accountability

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |   |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

SCB will manage the proceeds of the Green Bond issued under this framework in a portfolio approach. SCB will ensure that the Eligible Green Loan Portfolio always exceeds the total balance of all outstanding Green Bonds and will remove and replace a loan that ceases to fulfill the eligibility criteria mentioned in the Green Bond framework. Sustainalytics finds this to be in line with market practices.

### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the SCB in an appropriate manner             |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

### 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 checked="" type="checkbox"/> Allocation to a portfolio of disbursements          |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                               |

### 4. REPORTING

Overall comment on section (*if applicable*):

## Santander Consumer Bank Green Bond

SCB will report on the allocation of proceeds within one year from the date of Green Bond transition and annually thereafter, until the proceeds have been fully allocated. Sustainalytics views SCB's allocation and impact reporting as aligned with market practice.

### Use of proceeds reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

### Information reported:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts  | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): share of financing/refinancing, geographic breakdown |  |

### Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual         | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): - |                                      |

### Impact reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

### Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input type="checkbox"/> Annual  | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): To be determined based on an external report |                                      |

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

- |  |   |
|--|---|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use   | <input checked="" type="checkbox"/> Other ESG indicators (please specify): To be determined based on an external report |

### Means of Disclosure

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): SCB Website |
| <input type="checkbox"/> 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 SCB's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- Consultancy (incl. 2<sup>nd</sup> opinion)
  Certification  
 Verification / Audit
  Rating  
 Other (*please specify*): *A specialised impact report is in the process of being developed*

**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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The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

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

## 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.

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