

Introduction

OCBC Group (“OCBC” or the “Group”) is a financial services organization based in Singapore, with core businesses in banking, wealth management and insurance and more than 420 branches and representative offices in 19 countries and regions. Formed in 1932, OCBC is Singapore’s longest established bank and the second-largest financial services group in Southeast Asia by assets.

OCBC has developed the OCBC Sustainability Bond Framework (the “Framework”), under which it intends to issue sustainability bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to create a positive environmental and social impact in Singapore. The Framework defines eligibility criteria in 9 areas:

1. Renewable Energy
2. Pollution Prevention and Control
3. Clean Transportation
4. Sustainable Water and Wastewater Management
5. Climate Change Adaptation
6. Green Buildings
7. Access to Essential Services
8. Affordable Housing
9. SME Financing

OCBC engaged Sustainalytics to review the OCBC Sustainability Bond Framework, dated June 2023, and provide a second-party opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2021 (SBP),³ ASEAN Green Bond Standards 2018 and ASEAN Social Bond Standards 2018 and ASEAN Sustainability Bond Standards 2018.⁴ The Framework has been published in a separate document.⁵

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ 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 Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, ASEAN Green Bond Standards 2018 and ASEAN Social Bond Standards 2018 and ASEAN Sustainability Bond Standards 2018 as administered by ACFM.
- 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 1.13.3, 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 OCBC’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. OCBC representatives have confirmed (1) they understand it is the sole responsibility of OCBC to ensure that the information provided is complete, accurate and 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.

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁴ The ASEAN Green Bond Standards, ASEAN Social Bond Standards and ASEAN Sustainability Bond Standards are administered by the ASEAN Capital Markets Forum and are available at: <https://www.theacmf.org/initiatives/sustainable-finance/asean-sustainability-bond-standards>

⁵ The OCBC Sustainability Bond Framework is available on OCBC Group’s website at: <https://www.ocbc.com/group/investors/green-bonds>

⁶ 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.

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 OCBC.

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. Upon twenty-four (24) months following the evaluation date set stated herein, OCBC is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

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

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the OCBC Sustainability Bond Framework

Sustainalytics is of the opinion that the OCBC Sustainability Bond Framework is credible, impactful and aligns with the four core components of the GBP, SBP, ASEAN Green Bond Standards, ASEAN Social Bond Standards and ASEAN Sustainability Bond Standards. Sustainalytics highlights the following elements of OCBC's Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Pollution Prevention and Control, Clean Transportation, Sustainable Water and Wastewater Management, Climate Change Adaptation, Green Buildings, Access to Essential Services, Affordable Housing, SME Financing – are aligned with those recognized by the GBP, SBP, ASEAN Green Bond Standards, ASEAN Social Bond Standards and ASEAN Sustainability Bond Standards. Sustainalytics considers that OCBC's investments in eligible projects are expected to facilitate the transition to a low-carbon economy and advance socio-economic development.
 - Under the Framework, OCBC intends to use part of the proceeds for general purpose loans for pure play businesses that derive at least 90% of their revenue from activities identified in the eligible categories. Sustainalytics acknowledges that the GBP, SBP and SBG favour project-based lending and financing, which provide more transparency in general than non-project-based lending, but notes that financing pure play companies through green and social bonds is commonly accepted in the market as an approach that can generate a positive impact.
 - Sustainalytics notes that the Framework does not specify a look-back period for refinancing loans allocated for operating expenditures. Sustainalytics considers it good practice to define a look-back period of up to three years for refinancing operating expenditures.
 - Under the Renewable Energy category, OCBC may finance or refinance the development, construction and acquisition of renewable energy generation projects and supporting infrastructure, services and technologies, including: i) onshore and offshore wind energy; ii) solar photovoltaic technology; and iii) tidal energy. Sustainalytics notes the following:
 - Transmission and distribution network dedicated to renewable energy sources.
 - Technologies, equipment and associated assets wholly dedicated and used to support renewable energy generation and storage facilities, such as wind turbines, solar panels and battery storage.
 - Sustainalytics views these expenditures as credible given their potential to create a positive environmental impact through low-emission energy production.

- Under the Pollution Prevention and Control category, OCBC may finance or refinance facilities for the processing of recyclable waste fractions into secondary raw materials such as metal, wood, paper, glass, concrete including waste collection that supports recycling and waste segregation at source.
 - OCBC has communicated to Sustainalytics that the Framework limits financing to waste collection vehicles that comply with the Clean Transportation eligibility criteria.
 - Sustainalytics notes that OCBC will conduct an independent external review to identify the environmental and social impact associated with any project.
 - This is aligned with market practice.
- Under the Clean Transportation category, OCBC may finance or refinance projects focused on the development, purchase and manufacturing of electric vehicles (rail, tram, buses, metro and ferries) and low-carbon vehicles (biofuel or hydrogen-powered ferries) for public and private transportation, including related infrastructure and electric vehicle (EV) components.
 - OCBC may also invest in the development of infrastructure projects, such as electric charging stations and electric rail stations, as well as finance the manufacture of EV batteries. OCBC has confirmed to Sustainalytics that parking facilities will not be financed as part of its charging infrastructure financing.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under Sustainable Water and Wastewater Management, OCBC may finance or refinance wastewater treatment facilities. OCBC has confirmed to Sustainalytics the exclusion of wastewater treatment from fossil fuel operations. Sustainalytics considers the expenditures under this category to be in line with market practice.
- Under the Climate Adaptation category, OCBC may finance or refinance projects related to:
 - Climate observation and early warning system, such as hydrometeorology to make better risk-informed decisions to prepare for climate change and climate-related disasters. Sustainalytics considers these expenditures to be aligned with market practice.
 - Nature-based solutions, such as planting of mangroves, coastal defence system, floodwalls, river defences, embankments, underground drainage and reservoir system, to enhance resilience to the impact of climate change. Sustainalytics notes that OCBC will conduct an independent external review to identify the environmental and social impact associated with coastal defence system-related projects.
 - Sustainalytics notes that OCBC has not defined criteria to ensure that recipients of such financing have a vulnerability assessment and adaptation plan in place to support the argument for climate adaptation infrastructure. While Sustainalytics notes the selected projects under the Framework to be credible, Sustainalytics encourages OCBC to require vulnerability assessment of realized climate impact and potential risks and an adaptation plan for how identified risks will be addressed.
- Under the Green Buildings category, OCBC may finance or refinance the development, construction, acquisition and retrofitting of commercial and residential buildings according to the following criteria:
 - Buildings that have achieved or are expected to achieve one of the following green building certifications: Building and Construction Authority Green Mark⁷ Gold Plus or above; Green Building Index⁸ Gold or above; Hong Kong BEAM Plus⁹ Gold or above; China Three Star Green Building Evaluation Label¹⁰ 2 Stars or above; LEED¹¹ Gold or above; NABERS¹² 5 Stars or above; BREEAM¹³ Very good or above; Indonesia Greenship¹⁴ Gold or above; Energy Performance Certificate A or B rating for buildings in the UK.
 - Sustainalytics considers BREEAM Excellent to be aligned with market practice and encourages the Group to select BREEAM-certified buildings that score high enough in

⁷ Green Mark: <https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-schem>

⁸ Green Building Index: <https://www.greenbuildingindex.org/>

⁹ BEAM Plus: <https://www.hkgbc.org.hk/eng/beam-plus/introduction/>

¹⁰ Green Building Evaluation Label: <http://www.gbiq.org/collections/14970>

¹¹ LEED: <https://www.usgbc.org/leed>

¹² NABERS: <https://www.nabers.gov.au/about/what-nabers>

¹³ BREEAM: <https://bregroup.com/products/breeam/>

¹⁴ Indonesia Green Building Council: <https://www.gbcindonesia.org/>

- the Energy category (which Sustainalytics regards as the most important one) to fulfil the requirements for BREEAM Excellent in that category.
- OCBC has confirmed to Sustainalytics that the Framework excludes financing towards buildings that are used for the storage, extraction or manufacturing of fossil fuels.
 - Sustainalytics views the intended expenditures under this category to be in line with market practice.
- Sustainalytics notes that the Framework identifies the following target populations, not exclusively, for each of the social categories: i) living below the poverty line or low-income households as defined by respective local governments; ii) excluded marginalized populations and communities; iii) people with disabilities or reduced mobility; iv) migrants or displaced persons; v) undereducated; vi) underserved owing to a lack of quality access to essential goods and services; vii) unemployed; viii) women or sexual and gender minorities; ix) aging populations and vulnerable youth; x) other vulnerable groups, including as a result of natural disasters. Sustainalytics views this targeting as aligned with market practice.
 - Under Access to Essential Services, OCBC intends to finance or refinance expenditures related to education and healthcare for the target populations included in the Framework. Intended activities under this category include:
 - Financing public schools in the least developed, low-income and lower-middle-income OECD Development Assistance Committee (DAC)¹⁵ countries. OCBC has confirmed to Sustainalytics that the public schools will be accessible to all regardless of the ability to pay.
 - Loans for the construction, equipping and operation of public hospitals and specialty centres under Singapore's Ministry of Health and equivalent public healthcare facilities in other countries.
 - Sustainalytics considers that the investments will deliver a positive social impact by enhancing access to quality education and healthcare.
 - Under the Affordable Housing category, OCBC may finance or refinance the construction of public housing specific to people living below the poverty line or low-income households as defined by respective local governments. Sustainalytics notes that while the Framework provides criteria for the identification of target populations for the affordable housing category, it does not provide information related to the affordability mechanisms to guarantee access to the target populations. Sustainalytics also notes that the OCBC's role is limited to the construction and supply of public housing as part of the respective government programs. While Sustainalytics recognizes the potential positive impact of developing public housing to the target populations under the Framework, Sustainalytics further encourages the Group to report on the affordability mechanisms and social impact achieved as part of its annual reporting commitments.
 - Under the SME Financing category, OCBC may finance or refinance loans to SMEs based on the following criteria:
 - SMEs led by women entrepreneurs or CEO where at least 50% of women in the workforce are from low-income and lower-middle income in OECD DAC countries. While Sustainalytics notes OCBC's intention to support SMEs led by women, Sustainalytics encourages the Group to favour investment in SMEs based on majority ownership from women or aligned with IFC definition.¹⁶
 - Sustainalytics notes that the exclusionary list in the Framework prohibits financing to the following activities: i) coal-fired power plants; ii) coal mining; iii) manufacturing or distribution of nuclear weapons; iv) nuclear power generation where the host country is not a signatory to the Treaty on the Non-Proliferation of Nuclear Weapons or does not have in place appropriate International Atomic Energy Agency Safeguards Agreements; v) tobacco; vi) online gaming and equivalent enterprises; vii) gambling, including licensed gambling; viii) adult entertainment and related facilities; ix) high interest rate lending, including payday loans and pawn shops; x) production or trade of weapons and ammunition; xi) capture, trade, use or consumption of endangered or critically endangered animals, fungi and plant species; and xii) non-certified palm-oil plantation, mills and refineries by nationally or internationally recognized certification bodies. Sustainalytics considers this exclusion list to strengthen the Framework.

¹⁵ OECD, "Official development assistance", at: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm>

¹⁶ SMEs that are: i) ≥51% owned by a woman or women; or ii) ≥20% owned by a woman or women, has ≥1 woman as CEO, COO, president, vice president and ≥30% of the board of directors is composed of women where a board exists.

- Project Evaluation and Selection:
 - OCBC’s business units are responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria, and the OCBC Sustainability Council is responsible for approving the eligible projects. The OCBC Sustainability Council is chaired by the Group Chief Executive Officer and comprises OCBC’s senior management.
 - OCBC has developed a Responsible Financing Framework to identify and manage ESG risks associated with the eligible projects, which is applicable to all allocation decisions made under the OCBC Sustainability Bond Framework. Sustainalytics views these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.
 - Based on the well-defined process and responsibilities for selecting eligible projects, and the presence of an ESG risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - OCBC will establish a common pool of the eligible green, social and sustainability assets and projects. OCBC’s Sustainability Council will be responsible for the management and allocation of proceeds on a portfolio basis through a register. The register will be used to track the allocation of proceeds for each green, social or sustainability bond and the pool.
 - The Group intends to allocate proceeds within 36 months of issuance. Pending allocation, unallocated proceeds will be temporarily invested in cash, cash equivalents or high-quality marketable instruments and will exclude investments in carbon-intensive assets or activities listed in the exclusionary list in the Framework.
 - Based on the use of an internal tracking mechanism and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - OCBC intends to report on the allocation of proceeds and corresponding impact in an annual progress report, which will be published on its website and provided to the investors on an annual basis until bond maturity.
 - The annual progress report will include a description of the eligible assets and projects financed, the aggregate amount allocated per each eligible category and the outstanding balance of unallocated proceeds. Additionally, the reporting will include relevant quantitative or qualitative key impact performance indicators: i) environmental impact metrics, such as annual renewable energy generation (in MWh), annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project (in m³ or as a percentage); and ii) social impact metrics, such as the number of people served, the number of homes built and the number of SMEs funded. For the full list of environmental and social impact metrics, please refer to Appendix 2.
 - Based on the reporting commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the OCBC Sustainability Bond Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 2: Sustainability Bond/Sustainability Bond Programme External Review Form.

Alignment with ASEAN Green Bond Standards 2018, ASEAN Social Bond Standards and ASEAN Sustainability Bond Standards 2018

The ASEAN Green Bond Standards, ASEAN Social Bond Standards and ASEAN Sustainability Bond Standards provide guidance to the issuer and communicate more specifically what an issuer should do to issue a credible sustainable bond in Southeast Asia. Sustainalytics is of the opinion that the green and social categories under the OCBC Sustainability Bond Framework aligns with the ASEAN Green Bond Standards, ASEAN Social Bond Standards and ASEAN Sustainability Bond Standards. For detailed information, please refer to Appendix 1: Alignment to the ASEAN Green Bond Standards, ASEAN Social Bond Standards and ASEAN Sustainability Bond Standards.

Section 2: Sustainability Strategy of OCBC

Contribution to OCBC's sustainability strategy

OCBC's sustainability strategy is underpinned by the following three pillars: "build a low-carbon future", "create positive impact for society" and "act with integrity". Additionally, OCBC conducted a materiality assessment to identify and prioritize material issues across ESG pillars, including sustainable financing, financial inclusion and fair dealing.¹⁷

Under the "build a low-carbon future" pillar, OCBC has set the following priorities: i) achieve net zero emissions in alignment with the Paris Agreement; ii) enable a low-carbon transition through sustainable financing, sustainability-themed products and partnerships; and iii) manage risks associated with climate change effectively. In 2021, OCBC developed a five-year Climate Strategy with a focus on sustainable and responsible banking practices for a low-carbon economy. In addition to its environmental commitments from its own operations, OCBC commits to investing in companies that generate a positive environmental and social impact. Furthermore, OCBC became a member of Net-Zero Banking Alliance in 2022 and committed to aligning its lending and investment portfolios with net zero emissions by 2050. To facilitate this transition to net zero, the Group has set sectoral financed emissions targets for 2030 and broad transition plans for priority sectors, including the power sector, oil and gas, steel and aviation. OCBC has also pledged to increase its sustainable finance portfolio to SGD 50 billion (USD 37.5 billion) by 2025. In 2022, the Group provided more than SGD 10 billion (USD 7.5 billion) in sustainable financing, including green loans, ESG bonds, sustainability-linked bonds, sustainability-linked loans and sustainability-linked structured deposits. OCBC developed a solar financing programme in 2022 to finance commercial solar projects against power purchase agreements to support solar providers to increase their capacity to offer free solar installations to building owners. Additionally, OCBC follows the guidelines and recommendations of the Task Force on Climate-related Financial Disclosure and publishes climate-related financial disclosures articulating its approach to assessing and managing climate change risks.¹⁸

Under the "create positive impact for society" pillar, OCBC focuses on driving positive socio-economic development to promote diversity, equity, inclusion and well-being for its customers, employees, communities and wider society. The Group has established several initiatives to make its financial products and services accessible to diverse segments of society. Furthermore, to advance financing inclusion and provide access to financial services for SMEs, OCBC has developed the SME Sustainable Finance Framework, under which it provides green loans to SMEs. In 2022, the Group provided loans worth SGD 1.4 billion (USD 1.05 billion) to SMEs in Singapore, Malaysia and Hong Kong. Under the "act with integrity" pillar, OCBC focuses on enabling strong governance, fair dealing, financial crimes prevention and cyber security.¹⁹

Based on the above, Sustainalytics is of the opinion that the OCBC Sustainability Bond Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Group's action on its key environmental and social priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the eligible instruments issued under the Framework will be directed towards eligible projects that are expected to have a positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. While OCBC plays a limited role in the development of the projects that it finances, by offering lending and financial services it is exposed to risks associated with the companies or projects that it may finance. Some key environmental and social risks commonly associated with the eligible projects could include land use and biodiversity issues associated with large-scale infrastructure development; emissions, effluents and waste generated in construction; occupational health and safety issues; and predatory lending or over-indebtedness for financially vulnerable individuals. Additionally, Sustainalytics considers business ethics and product governance as material issues for financial institutions and highlights the need for strong policies and procedures to ensure that these risks are appropriately mitigated.

Sustainalytics is of the opinion that OCBC is able to manage or mitigate potential risks through the implementation of the following:

- OCBC's Responsible Financing Framework outlines the Group's approach to managing its ESG risks in its lending activities and provides guidelines on its ESG-related lending practices. As part of its ESG risk assessment, the Group evaluates a client's track record and its commitments to managing ESG factors. This assessment forms part of OCBC's credit and risk evaluation process, which is

¹⁷ OCBC Group, "Sustainability Strategy", at: <https://www.ocbc.com/group/sustainability/sustainability-strategy.page>

¹⁸ OCBC Group, "Sustainability Report", (2022), at: <https://www.ocbc.com/iwov-resources/sg/ocbc/gbc/pdf/ocbc-sustainability-report-2022.pdf>

¹⁹ Ibid.

applicable to all new loans. The Responsible Financing Framework also includes a list of activities that the Group will not finance, including forced or child labour, projects located in or having significant impact on UNESCO World Heritage Sites and Wetlands of International Importance designated under the Ramsar Convention, and the production or trade in wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora and United for Wildlife Financial Taskforce.²⁰

- OCBC has sector-specific policies for all the sectors identified as high risk by the Association of Banks in Singapore Guidelines on Responsible Financing.²¹ The sectors under this policy include: i) agriculture and forestry, ii) chemicals, iii) energy iv) infrastructure, v) metals and mining, and vi) waste management. Each policy identifies sector specific ESG risk factors and outlines guidelines based on which the Group assesses its clients' ability to manage ESG risks. The policy also outlines measures that the borrowers are encouraged to take while obtaining loans for projects under these sectors. For example, for energy projects, the borrowers should have adequate policies and processes in place to manage air- and water-related pollution, solid and radioactive waste, occupational health and safety, labour standards and decommissioning of installations.²²
- OCBC stopped financing coal-fired power plants (CFPPs) in 2019 and thermal coal mines in 2020. In addition, OCBC will not provide new financing or refinancing to clients where more than 50% of their total power generation capacity or revenue comes from CFPPs and clients where more than 50% of their mines or revenue come from thermal coal mines.²³
- OCBC has been a signatory to the UN Global Compact principles and the Equator Principles, indicating its commitment to the core values of human rights, labour, environment and anti-corruption. The Equator Principles are intended to serve as a common baseline and risk management framework for financial institutions to identify, assess and manage environmental and social risks when financing large-scale projects. This provides investors and relevant stakeholders with a certain level of confidence that the projects the Group finances are developed in a socially responsible manner and reflect sound environmental management practices.
- The Code of Conduct policy provides guidance on business ethics, compliance with laws and regulations, measures against money laundering and terrorist financing and overall corporate responsibility.²⁴
- The Group has also developed an internal mechanism to provide clear, relevant and timely information to its customers on the product and the risk profile to enable customers to make informed decisions. In addition, the Group has a framework in place that outlines transparency measures and risk disclosures to safeguard fair pricing and mitigate risks for its customers. Furthermore, the Board Risk Management Committee is responsible for assessing and monitoring activities related to money laundering and terrorism financing and for the Group's overall risk management.²⁵

Based on these policies, standards and assessments, Sustainalytics is of the opinion that OCBC 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

All 9 use of proceeds categories are aligned with those recognized by the GBP or SBP. Sustainalytics has focused on two categories below where the impact is specifically relevant in the local context.

Importance of green buildings towards facilitating low-carbon development in Singapore

Building operations accounted for 30% of global final energy consumption and 27% of total energy sector emissions in 2021.²⁶ According to the International Energy Agency, energy-related CO₂ emissions from buildings worldwide have risen largely due to the growth in energy demand for heating and cooling with rising

²⁰ Ibid.

²¹ The Association of Banks in Singapore, "ABS Guidelines on Responsible Financing", at: <https://www.abs.org.sg/industry-guidelines/responsible-financing>

²² OCBC Group, "Summary of Responsible Financing Sector-Specific Policies", at: <https://www.ocbc.com/iwov-resources/sg/ocbc/gbc/pdf/sustainability/rf-sector-specific-policies-summary.pdf>

²³ OCBC Group, "Sustainability Report", (2022), at: <https://www.ocbc.com/iwov-resources/sg/ocbc/gbc/pdf/ocbc-sustainability-report-2022.pdf>

²⁴ OCBC Group, "Code of Conduct", at: <https://www.ocbc.com/group/sustainability/sustainability-strategy/act-with-integrity.page#strong-governance>

²⁵ OCBC Group, "Excel for Sustainable Growth", Annual Report (2022), at: <https://www.ocbc.com/group/investors/annual-reports/2022-annual-report/index.page>

²⁶ International Energy Agency, "Buildings: Sectoral overview", (2020), at: <https://www.iea.org/reports/buildings>

air-conditioner ownership and extreme weather events.²⁷ In order to reach a net zero carbon building stock by 2050, global direct building CO₂ emissions would need to fall by 50% by 2030.²⁸

The buildings sector in Singapore accounted for 38% of the country's electricity consumption and more than 20% of carbon emissions in 2021.^{29,30} Recognizing the importance of buildings as a key sector for decarbonization, the Singapore government introduced the Green Mark Scheme, a green building rating system, in 2005.³¹ The Green Mark Scheme promotes sustainability in the built environment during project conceptualization, design and construction by evaluating the environmental performance of a building in the following areas: i) climate responsive design, ii) building energy performance, iii) resource stewardship, iv) smart and healthy buildings, and v) advanced green efforts.³²

To support sustainability standards in the built environment and align the building sector with the 2050 net zero global emissions, Singapore developed the Green Building Masterplan in 2006 as part of the Singapore Green Plan 2030 with "80-80-80" key targets to be achieved by 2030.³³ The Green Building Masterplan sets the following targets: i) 80% of Singapore's buildings to be certified as green buildings by gross floor area; ii) attaining a Green Mark Super Low Energy rating for 80% of new developments; and iii) achieving 80% of improvement in energy efficiency for best-in-class green buildings (over 2005 levels).³⁴ As of December 2022, nearly 55% of Singapore's buildings have been certified as green buildings.³⁵

Sustainalytics recognizes the importance of promoting green buildings to reduce global GHG emissions and is of the opinion that the green building projects financed under the Framework are expected to contribute positively to the global low-carbon economy transition.

Importance of access to financial services to SMEs in emerging economies

SMEs represent the majority of businesses worldwide and are the main driver of employment generation and global economic development. According to the World Bank, SMEs represent approximately 90% of businesses and more than 50% of employment worldwide. Particularly in emerging economies, formal SMEs are estimated to contribute to approximately 40% of the GDP and 70% of employment opportunities. An estimated 600 million jobs will be needed to meet the growing global workforce by 2030, making SME development a key priority for all economies.³⁶ Despite their significant socio-economic importance, SMEs continue to face barriers in accessing finance due to a lack of credit history or property collateral, an issue that has worsened after the onset of the COVID-19 pandemic.³⁷ The International Finance Corporation has estimated that 40% of formal MSMEs in emerging economies (approximately 65 million enterprises) have an unmet financing need of USD 5.2 trillion every year. In the context of informal SMEs in emerging economies, the financing gap is estimated to be USD 2.9 trillion.³⁸ Increasing access to financial services for SMEs and emerging economies can have a positive impact on poverty reduction, reduction of inequalities, employment generation and overall economic development. Sustainalytics is of the opinion that the financing provided through the Framework can increase financial inclusion for SMEs and emerging economies and therefore have a positive social impact.

²⁷ Ibid.

²⁸ UNEP, "Building sector emissions hit record high, but low-carbon pandemic recovery can help transform sector – UN report", (2020), at: <https://www.unep.org/news-andstories/press-release/building-sector-emissions-hit-record-high-low-carbon-pandemic>

²⁹ Centre for Urban Greenery and Ecology, "Singapore's 3rd Green Building Master Plan: Moving Forward with Green", at: https://www.nparks.gov.sg/-/media/cuge/ebook/citygreen/cg10/cg10_sg_3rd_green_building_master_plan.pdf?la=en&hash=47C2A885074480BF9BB185C5C5FCD126D80722C9

³⁰ BCA and SGBC, "Singapore Green Building Masterplan: Public Engagement Report", (2021), at: https://www1.bca.gov.sg/docs/default-source/docs-corp-buildsg/sustainability/sgbmp-engagement-report_final_v1-1.pdf?sfvrsn=512c885c_0

³¹ Singapore Building and Construction Authority, "Green Mark Certification Scheme", at: <https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme>

³² Ibid.

³³ BCA, "Green Building Masterplans", at: <https://www1.bca.gov.sg/buildsg/sustainability/green-building-masterplans>

³⁴ Ibid.

³⁵ BCA, "Green Building Masterplans", at: <https://www1.bca.gov.sg/buildsg/sustainability/green-building-masterplans>

³⁶ The World Bank, "Small and Medium Enterprises (SMEs) Finance", at: <https://www.worldbank.org/en/topic/smefinance>

³⁷ ESCAP, "Rethinking MSME Finance in Asia and the Pacific", (2021), at: <https://www.unescap.org/kp/2021/rethinking-msme-finance-asia-and-pacific-post-covid-19-crisis-policy-agenda>

³⁸ International Finance Corporation, "MSME Finance Gap", (2017), at: <https://www.ifc.org/wps/wcm/connect/03522e90-a13d-4a02-87cd-9ee9a297b311/121264-WP-PUBLIC-MSMEReportFINAL.pdf?MOD=AJPERES&CVID=m5SwAQA>

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the OCBC Sustainability Bond Framework are expected to help advance the following SDGs and targets:

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
Pollution Prevention and Control	12. Responsible Consumption and production patterns	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
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
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
		6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Climate Change Adaptation	15. Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreement
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Access to Essential Services	3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
SME Financing	9. Industry, Innovation and Infrastructure	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

Conclusion

OCBC has developed the OCBC Sustainability Bond Framework under which it may issue sustainability bonds and use the proceeds to finance projects related to the following categories: Renewable Energy; Pollution Prevention and Control; Clean Transportation; Sustainable Water and Wastewater Management; Climate Change Adaptation; Green Buildings; Access to Essential Services; Affordable Housing; and SME Financing. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.

The OCBC Sustainability 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 OCBC Sustainability Bond Framework is aligned with the overall sustainability strategy of the Group and that the use of proceeds categories will contribute to the advancement of UN Sustainable Development Goals 3, 4, 6, 7, 9, 11, 12 and 15. Additionally, Sustainalytics is of the opinion that OCBC has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that OCBC Group is well positioned to issue sustainability bonds and that OCBC Sustainability Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), the ASEAN Green Bond Standards 2018, ASEAN Social Bond Standards 2018 and ASEAN Sustainability Bond Standards 2018.

Appendices

Appendix 1: Alignment with the ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards, and ASEAN Social Bond Standards

ASEAN Sustainability Bond Standards' Criteria	Alignment with ASEAN SUS, GBS and SBS	Sustainalytics' comments on alignment with the ASEAN Sustainability Bond Standards, ³⁹ ASEAN Green Bond Standards, ⁴⁰ and Social Bond Standards ⁴¹
Eligibility	Yes	The ASEAN SUS, GBS and SBS requires that issuers must be in or that the proceeds be directed to assets in an ASEAN country. OCBC Group qualifies given that OCBC intends to finance projects in Singapore and the ASEAN region.
Use of Proceeds	Yes	The ASEAN SUS, GBS and SBS offers specific clarifications that fossil fuel power generation projects and projects which involve activities that pose a negative social impact related to adult entertainment, alcohol, gambling, tobacco products and weapon are excluded. OCBC has included in its Framework a list of exclusions such as coal-fired power plants; coal mining; manufacture or distribution of nuclear weapons and nuclear power generation; tobacco; online gaming and equivalent enterprises; gambling, including licensed gambling; adult entertainment and related facilities (e.g. hourly hotel); high interest rate lending, including payday loans, pawn shops; production or trade of weapons and munitions; capturing, trading, using and/or consumption of endangered or critically endangered animals, fungi and plant species; non-certified palm-oil plantation, mills, and refineries by nationally or internationally recognised certification bodies.
Process for Project Evaluation and Selection	Yes	The ASEAN SUS, GBS and SBS specifies information that must be clearly communicated to investors before issuance regarding project selection. OCBC Group's business units are responsible for evaluating and selecting projects in line with the Framework's eligibility criteria and the OCBC Sustainability Council is responsible for approving the eligible projects. The OCBC Sustainability Council is chaired by the Group Chief Executive Officer and comprises OCBC's senior management.
Management of Proceeds	Yes	The ASEAN SUS, GBS and SBS mandates that proceeds must be appropriately tracked and that temporary investments be disclosed. OCBC Sustainability Council will be responsible for the management and allocation of proceeds on a portfolio basis through a register. OCBC Group intends to allocate proceeds at issuance and, for any unallocated proceeds due to reallocation or pending allocation, to fully allocate such unallocated proceeds within 36 months of issuance. Pending allocation, unallocated proceeds will be temporarily invested in cash, cash equivalents or high-quality marketable instruments.
Reporting	Yes	The ASEAN SUS, GBS and SBS recommends annual reporting on the allocation of funds and the expected impacts. OCBC Group intends to report on the allocation of proceeds and corresponding impacts in an annual progress report, which will be published on its website or provided to lenders on an annual basis until bond maturity.
External Review		The ASEAN SUS, GBS and SBS encourages, but does not require, external review.

³⁹ The ASEAN Sustainability Bond Standards are available at: <https://www.theacmf.org/images/downloads/pdf/ASUS2018.pdf>.

⁴⁰ The ASEAN Green Bond Standards are available at: <https://afcpw.asean.org/wp-content/uploads/2020/05/4.1-ASEAN-Green-Bond-Standards.pdf>

⁴¹ The ASEAN Social Bond Standards are available at: <https://www.theacmf.org/images/downloads/pdf/ASBS2018.pdf#:~:text=To%20support%20ASEAN%E2%80%99s%20sustainable%20development%20needs%2C%20the%20ACMF,GBS%29%20that%20were%20first%20introduced%20in%20November%202017.>

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	OCBC Group
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	OCBC Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 20, 2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]</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 GBP and SBP:

- | | |
|--|--|
| <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 categories for the use of proceeds are aligned with those recognized by the Green Bond Principles, Social Bond Principles, ASEAN Green Bond Standards, ASEAN Social Bond Standards and ASEAN Sustainability Bond Standards. Sustainalytics considers that investments in the eligible categories will lead to a positive environmental or social impact and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 6, 7, 9, 11, 12 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input checked="" 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 checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" 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 (please specify): |

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

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

OCBC Group's business units are responsible for evaluating and selecting projects in line with the Framework's eligibility criteria and the OCBC Sustainability Council is responsible for approving the eligible projects. The OCBC Sustainability Council is chaired by the Group Chief Executive Officer and comprises OCBC's senior management. OCBC Group has developed a Responsible Financing Framework to identify and manage ESG risks associated with the eligible projects, which is applicable to all allocation decisions made under the OCBC Sustainability Bond Framework. Sustainalytics considers that the project selection process aligns with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green 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 Sustainability Bond proceeds | <input checked="" 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 (please specify): |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The OCBC Sustainability Council will be responsible for the management and allocation of proceeds on a portfolio basis through a register. OCBC Group intends to allocate proceeds within 36 months of issuance. Pending allocation, unallocated proceeds will be temporarily invested in cash, cash equivalents or high-quality marketable instruments. This is in line with market practice.

Tracking of proceeds:

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

4. REPORTING

Overall comment on section (if applicable):

OCBC Group intends to report on the allocation of proceeds and corresponding impact in an annual progress report, which will be published on its website or provided to lenders on an annual basis until bond maturity. The report will include a description of the eligible assets and projects financed, the aggregate amount allocated per each eligible category, the outstanding balance of unallocated proceeds, and relevant impact metrics. Sustainalytics views OCBC Group'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"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): the outstanding balance of unallocated proceeds | |

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): |

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 type="checkbox"/> Number of beneficiaries |

- Target populations Other ESG indicators (please specify):

Renewable Energy	<ul style="list-style-type: none"> • Annual renewable energy generation (MWh) • Annual GHG emissions reduced/avoided (tCO2e)
Pollution Prevention and Control	<ul style="list-style-type: none"> • Reduction of particulate matter vs local baseline: sulfur oxides (SOx), and nitrogen oxides (NOx) • carbon monoxide (CO), (PM2.5/PM10) and non-methane volatile organic compounds (NMVOCs) • Waste prevented, minimized, reused, or recycled before and after the project (in % of total waste) and/or in absolute amount (tonnes p.a.) • Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project (m³ or as %)
Clean Transportation	<ul style="list-style-type: none"> • Passengers-kilometres (i.e. the transport of one passenger over one km) and/or passengers • Total in kilometres of new or improved train lines / dedicated bus, etc. • Number of qualifying vehicles deployed
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project (m³ or as %) • Descriptions of flood control works installed
Climate change adaptation	<ul style="list-style-type: none"> • List of programs / equipment funded
Green Buildings	<ul style="list-style-type: none"> • List of third-party environmental certifications received • % of energy use reduced / avoided vs. local baseline / building code • % of renewable energy generated on site (if relevant)
Access to essential services	<ul style="list-style-type: none"> • Number of people served
Affordable housing	<ul style="list-style-type: none"> • Number of homes built • Amount of loans disbursed to HDB buyers
SME Financing	<ul style="list-style-type: none"> • Number of SMEs funded

Frequency:

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify): annual progress report
 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:

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

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social 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 sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability 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, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability 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 and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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For more information, visit www.sustainalytics.com

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