

# Second-Party Opinion

## Autodesk Sustainability Financing Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Autodesk Sustainability Financing Framework is credible and impactful and aligns with the Green Bond Principles 2021, Social Bond Principles 2021 and Sustainability Bond Guidelines 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Eco-Efficient Products, Production Technologies, and Processes, Sustainable Water and Wastewater Management, Renewable Energy and Energy Efficiency, Green Buildings, Pollution Prevention and Control, and Socio-economic Advancement and Empowerment – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 4, 6, 7, 8, 9, 10, 11 and 12.



**PROJECT EVALUATION / SELECTION** Autodesk's Sustainable Finance Working group will evaluate and select eligible projects. Autodesk has in place environmental and social risk management processes which are applicable to all allocation decisions made under the Framework. The group will establish and track allocations of net proceeds to eligible projects and will perform periodical reviews. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Autodesk's Finance Department will be responsible for tracking the net proceeds allocated to eligible projects. Autodesk intends to fully allocate eligible proceeds within three years following each bond issuance. This is in line with market practice.



**REPORTING** Autodesk intends to report on allocation of proceeds on its website on an annual basis until full allocation. The report will be accompanied by an attestation from an independent registered public accounting firm in accordance with attestation standards established by the American Institute of Certified Public Accountants. In addition, Autodesk is committed to reporting on relevant impact metrics. Sustainalytics views Autodesk allocation and impact reporting as aligned with market practice.

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**Evaluation date** October 10, 2021

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**Issuer Location** San Rafael,  
California, USA

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## Introduction

Autodesk, Inc. (“Autodesk”, or the “Company”) is a software development company headquartered in San Rafael, California, US. The Company was founded in 1982 and currently employs over 10,000 people globally. Autodesk offers a range of design, engineering and entertainment software products and services to industries such as architecture, construction, manufacturing, media and education.

Autodesk has developed the Autodesk Sustainability Financing Framework (the “Framework”) under which it intends to issue green, social and sustainability bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to deliver positive environmental and social outcomes and advance the Company’s sustainability strategy. The Framework defines eligibility criteria in five green areas and one social area, as follows:

### Eligible Green Projects

1. Eco-Efficient Products, Production Technologies, and Processes
2. Sustainable Water and Wastewater Management
3. Renewable Energy and Energy Efficiency
4. Green Buildings
5. Pollution Prevention and Control

### Eligible Social Projects

6. Socio-economic Advancement and Empowerment

Autodesk engaged Sustainalytics to review the Autodesk Sustainability Financing Framework, dated October 2021, 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).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance, and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.10.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Autodesk’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. Autodesk representatives have confirmed that: (1) they understand it is the sole responsibility of Autodesk to ensure that the information provided is complete, accurate and up to date; (2) 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.

<sup>1</sup> 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/>

<sup>2</sup> The Autodesk Sustainability Financing Framework will be made available on Autodesk, Inc.’s website at: <https://www.autodesk.com/>

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

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 Autodesk.

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

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized 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 Autodesk has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Autodesk Sustainability Financing Framework

Sustainalytics is of the opinion that the Autodesk Sustainability Financing Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of Autodesk's Sustainability Financing Framework:

- Use of Proceeds:
  - The eligible categories – Eco-Efficient Products, Production Technologies, and Processes, Sustainable Water and Wastewater Management, Renewable Energy and Energy Efficiency, Green Buildings, Pollution Prevention and Control, and Socio-economic Advancement and Empowerment – are aligned with those recognized by the GBP and SBP.
  - Autodesk has established a two-year look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Under the Eco-Efficient Products, Production Technologies, and Processes category, Autodesk intends to invest in the development and improvement of sustainability-enabling software capabilities with an aim to improve energy efficiency, waste management, water use and infrastructure resilience including:
    - Sustainability insight capabilities and lean process coordination in the Autodesk Architecture, Engineering and Construction (AEC) Collection<sup>4</sup> software and SpaceMaker,<sup>5</sup> which have been developed to support the design, build and operation of energy-efficient and resilient infrastructure generating lower carbon emissions and less waste.
    - Sustainability insight capabilities and lean process coordination in the Autodesk Product Design and Manufacturing Collection<sup>6</sup> software, which aims to reduce the use of building material and energy through enhancing operational efficiencies during the design and production processes.

<sup>4</sup> Autodesk's AEC Collection software is a set of tools developed for designers, engineers and contractors to produce high-quality infrastructure designs, reduce inefficiencies, increase quality and improve collaboration.

<sup>5</sup> The SpaceMaker software enables architects and urban designers to generate, optimize and iterate on design options while taking into consideration data such as terrain, maps, wind, lighting, traffic and zoning.

<sup>6</sup> The Autodesk Product Design and Manufacturing Collection software offers a set of product development tools which enable design, test, management and manufacturing of products.

- Sustainability insight capabilities and lean process automation in the Autodesk Construction Cloud<sup>7</sup> software that helps customers enhance efficiencies during the construction process, minimize waste and increase circularity, therefore reducing the emissions from the process.
  - For the purpose of this Framework, Autodesk has identified and isolated back-end activities and expenses which are solely focused on developing capabilities that drive sustainability outcomes described above. Autodesk will ensure that proceeds raised are invested only in activities that meet the above criteria and are directly linked with sustainability outcomes described above. Sustainalytics considers this to be aligned with market practice.
- Under the Sustainable Water and Wastewater Management category, Autodesk intends to finance the following:
- The acquisition of Innovyze, a software development company focused on optimizing water operations.<sup>8</sup> Sustainalytics notes that digitization would help in monitoring water infrastructure and help in driving sustainable outcomes.
  - R&D related to the Innovyze software and Autodesk's AEC Collection capabilities with the aim of improving water quality and productivity. Autodesk expects that such enhancements will enable the optimization and automation of water management systems and therefore maximize water recycling and reuse.
  - R&D related to software capabilities focused on improving water resilience, including strengthening critical water infrastructure, developing flood protection systems for storm relief and projects aimed at providing water security for communities in water-stressed regions.

Sustainalytics considers the investments described above in the Sustainable Water and Wastewater Management category to be aligned with market practice and encourages the issuer to report on direct and quantifiable outcomes resulting from such investments.

- Under the Renewable Energy and Energy Efficiency category, Autodesk intends to finance the development of renewable energy infrastructure and energy efficient technologies, including:
- Installation, maintenance and operation of wind, solar and waste biomass energy production projects. In addition to investing directly in projects, the Company intends to procure solar, wind and waste biomass energy directly through physical and virtual long-term power-purchase agreements (PPAs) whose terms are longer than seven years. These investments are in line with market practice
  - Technologies and systems aimed at improving the energy efficiency of Autodesk's offices, warehouses and other facilities, and reducing their carbon footprint. The Company may finance building renovation projects and installation of energy efficient products, including energy management systems, smart and LED lighting, which result in at least 20% improvement in energy efficiency. Sustainalytics considers these expenditures and the energy efficiency threshold for the renovation of buildings to be aligned with market practice.
- Under the Green Buildings category, Autodesk intends to use net proceeds to finance the design, construction, maintenance or refurbishment of buildings that have received or are expected to receive a green building certification including BREEAM (Excellent and above) or LEED (Gold and above). Sustainalytics views the certification schemes as credible, and selected levels as impactful. For Sustainalytics' assessment of green building certification schemes, please refer to Appendix 1.
- Under the Pollution Prevention and Control category, Autodesk intends to finance projects aimed at carbon mitigation and removal through natural carbon sequestration projects on forest land, and conservation and management of ocean ecosystems. Sustainalytics notes as a key consideration that these projects are expected to result in certification under the new Gold Standard, Verified Carbon Standard, Climate Action Reserve, American Carbon Registry, or Climate, Community and Biodiversity Standards, which Sustainalytics considers to be in alignment with market practice.

<sup>7</sup> The Autodesk Construction Cloud is a construction management software focused on connecting dataflows and helping in process efficiencies during the construction phase.

<sup>8</sup> Innovyze, "About Us" at: <https://www.innovyze.com/en-us>

- Autodesk may also invest in the development of: (i) carbon capture and sequestration (CCS) technologies; and (ii) GHG mitigation technologies, products and projects tailored for built environment within the construction industry. Autodesk has informed Sustainalytics that financing will not be allocated to CCS technologies and solutions that are designed for use in the hard-to-abate industries.
  - Under the Socio-economic Advancement and Empowerment category, Autodesk intends to finance projects that aim to advance economic opportunity and equity, and promote diversity and inclusion, specifically for defined target populations.<sup>9</sup> Additionally, such financing aims to maximize opportunity for diverse and small businesses and improve access to education.
    - Specialized and targeted training, education, inclusive hiring initiatives and recruiting efforts, executive coaching initiatives, and other resources to eliminate bias and promote fairness for the Company's diverse workforce. In addition, the Company may finance initiatives aimed at improving employment outcomes for diverse populations outside of Autodesk via upskilling and training programmes. The Framework specifies that initiatives financed will be over and above standard training and development activities.
    - The development of procurement programmes aimed at supporting small and medium-sized enterprises<sup>10</sup> to improve diversity in Autodesk's vendor and supplier network.
    - Projects with the aim of enhancing learning outcomes among students, young adults, and children through delivery of free learning solutions. Additionally, Autodesk intends to finance upskilling programs for under-skilled or unemployed workers in the manufacturing and construction sectors. The delivery of these projects will be undertaken through Autodesk learning platforms such as Autodesk Learning Engine, Autodesk University and Autodesk Education Community. The expenditures under this category would include:
      - Educational resources including provision of free software for students, young adults and children, such as Autodesk University and the Autodesk Education Community. Autodesk Education Community enables students, educators and administrators to develop skills to excel in engineering.
    - The Autodesk Learning Engine, which is part of Autodesk University,<sup>11</sup> is a web-based platform designed for upskilling the workforce within the manufacturing and construction sectors. Autodesk has stated that the beneficiaries would include those engaged in traditional technical roles in the industry and construction and factory workers that require professional upskilling to stay relevant in an evolving job market. Autodesk has confirmed that the allocation to social use of proceeds would be fairly small as a proportion of the total expenditures to be financed under this Sustainable Bond framework. Additionally, Sustainalytics notes Autodesk's commitment to target diverse, underserved and under-skilled population under its financing activities and encourages Autodesk to provide transparency into the impact of these initiatives as part of its annual impact reporting commitments.
  - Project Evaluation and Selection:
    - Autodesk has established a Sustainable Finance Working Group (the "Group") which will be responsible for evaluating and selecting eligible projects. The Group is comprised of representatives from Autodesk's Finance division (including Treasury, Accounting, Financial Planning & Analysis and Investor Relations teams), and members of other departments including Sustainability, Law, and Internal Audit.
    - The Group will be responsible for project selection based on the eligibility criteria outlined in the Framework and will also track allocation of net proceeds to eligible projects.
    - Autodesk has in place environmental and social risk management processes which are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.

<sup>9</sup> The Framework defines target populations as people of color, women and people of non-binary genders, LGBTQ+, people with disabilities, veterans and minority ethnic groups in countries outside of the US.

<sup>10</sup> Autodesk has defined small and medium-sized businesses according to Gartner's definition, whereby a small business is defined as business with a maximum of USD 50 million in revenues, and a medium-sized business is defined as a business with revenues between USD 50 million and USD 1 billion.

<sup>11</sup> Autodesk University is a learning community that connects design and engineering experts in architecture, construction, manufacturing, media and entertainment through web-based learning courses, conferences and industry events.

- Based on the establishment of the Group and its cross-divisional membership, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Autodesk's Finance Department will track the use of net proceeds through an internal financial management and reporting system.
  - The Company intends to allocate all proceeds within 24-36 months following the issuance date. Until allocation, any unallocated proceeds will be held in accordance with Autodesk's internal investment policy and temporarily invested in cash, cash equivalents, and/or high-quality marketable securities, or used to repay other borrowings.
  - Based on the use of an internal tracking system and disclosure around the management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Autodesk will report on the allocation of net proceeds in a Sustainability Bond Update report which will be published on the Company's website on an annual basis until full allocation. Allocation reporting will include the amount of net proceeds allocated to eligible projects, project descriptions and the balance of unallocated net proceeds.
  - In addition, the Company intends to report on relevant impact metrics, where feasible. Impact metrics may include information such as the CO<sub>2</sub> emissions reduction for typical use-case scenarios of Autodesk software solutions receiving allocations, the amount of GHG emissions avoided, annual energy savings, acreage of wildland or forest protected, and number of persons utilizing social advancement programmes.
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers the process to be in line with market practice.

### Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Autodesk Sustainability Financing 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.

## Section 2: Sustainability Strategy of Autodesk

### Contribution of Framework to Autodesk's sustainability strategy

Sustainalytics is of the opinion that Autodesk demonstrates a commitment to sustainability through its sustainability strategy,<sup>12</sup> which is focused on three key environmental and social areas: (i) energy and materials, (ii) health and resilience, and (iii) work and prosperity. In each of these three key areas, the Company employs strategies intended to prioritize improvements in operational sustainability, customer partnership and empowerment, and cross-sector collaboration.

Autodesk is committed to reducing its carbon footprint and set a net zero GHG emissions target across its business and value chain in 2020, which the Company has successfully achieved as of 2021.<sup>13</sup> Autodesk aims to further reduce its scope 1 and scope 2 emissions by 50% by 2031, compared to 2020, and to reduce scope 3 emissions per dollar of gross profit by at least 25% during the same timeframe. These goals are aimed at supporting the Paris Agreement objective of limiting global warming to 1.5 degrees Celsius.<sup>14</sup> Autodesk has also achieved its goal of powering all its facilities, cloud services, and employee workplaces using 100% renewable energy as of 2021.

In line with these climate-related goals, Autodesk's efforts focus on reducing GHG emissions through green building design and green manufacturing, developing more efficient transportation networks to promote smart and sustainable cities, and improving sustainable water systems.<sup>15</sup> In 2021, Autodesk acquired Innovyze, a software development company that focuses on end-to-end water infrastructure solutions, and aims to create a more sustainable and digitized water industry.<sup>16</sup> Valued at USD 1 billion, the acquisition is

<sup>12</sup> Autodesk Sustainability Overview, at: <https://www.autodesk.com/sustainability/overview>

<sup>13</sup> Autodesk 2020 Impact Report, at: <https://adsknews.autodesk.com/views/2020-impact-report-ceo>

<sup>14</sup> Paris Agreement, at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

<sup>15</sup> Autodesk Sustainable Design Technology, at: <https://www.autodesk.com/sustainability/sustainable-design-technology>

<sup>16</sup> Autodesk press release, at: <https://adsknews.autodesk.com/news/autodesk-to-acquire-innovyze>

aligned with Autodesk's "digital twin strategy",<sup>17</sup> expanding Autodesk's solutions for water infrastructure and contributing to creating a path for a more sustainable and digitized water industry.<sup>16</sup>

In addition to its environmental commitments, Autodesk recognizes its responsibility to achieve positive social impact. The Company has undertaken various social initiatives focused on safety, health, and well-being, as well as the advancement of equity and access for underrepresented populations. The Company is committed to building a more diverse workforce, having a board of directors that has a 50% women representation, and an executive team comprised of 45% women as of 2020, relative to 27% in 2018.<sup>18</sup> The Company also launched the Autodesk Certification Program to empower professional users and students to develop new skills and to create industry-specific online learning platforms.

Sustainalytics views Autodesk's commitment to reduce its carbon footprint and its participation in sustainability-focused programmes and initiatives to be meaningful. Sustainalytics is of the opinion that the Autodesk Sustainability Financing Framework is aligned with the Company's overall sustainability strategy and will further the Company's action on its key environmental and social priorities.

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

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Key risks related to the projects financed by Autodesk may include operational health and safety for contractors and ethics associated with securing contracts.

Autodesk's software products and solutions are not tailored to any specific industry and the Company does not have control over specific projects for which its products may be used. Sustainalytics recognizes that Autodesk's products may be used by companies that operate in industries associated with high risk of negative environmental and social impact, such as fossil fuels.

Sustainalytics is of the opinion that Autodesk is able to manage or mitigate the specific potential risks through implementation of the following policies and activities:

- Autodesk has a governance structure in place under which the board of directors and senior management are responsible for overseeing the Company's risk mitigation and management practices. The board of directors meets at least once per year to establish a risk strategy based on dialogue with the senior management, external advisors and stockholders, related to environmental, social and governance initiatives.<sup>19</sup>
- Autodesk has established a Sustainability & Foundation Team, led by its Vice President of Sustainability, which is directly responsible for setting and implementing the Company's corporate sustainability strategy, with oversight from the CEO and the board of directors. The team also reports on major sustainability initiatives undertaken by Autodesk and monitors the Company's progress towards its sustainability goals and targets.
- With respect to ethics and human rights, all of Autodesk's employees are required to complete annual training and abide by the Company's code of business conduct, which clearly outlines anti-bribery and anti-corruption policies with the aim of promoting ethical behaviour.<sup>20</sup> Autodesk has developed its Human Rights Policy in accordance with the International Bill of Human Rights.<sup>21</sup>
- All suppliers and business partners are required to follow Autodesk's Partner Code of Conduct<sup>22</sup>, which supports internationally recognized human rights, laws and regulations related to health and safety, fair labour practices, the eradication of human trafficking and slavery, and the elimination of child labour.

<sup>17</sup> Digital twin technology in construction, engineering and architecture refers to a digital replica of a physical asset, that incorporates design, construction and operation data to simulate, predict and inform decisions. Autodesk digital twin technology, at:

<https://www.autodesk.com/solutions/digital-twin/architecture-engineering-construction>

<sup>18</sup> Autodesk, "Impact Report 2021", (2021), at: <https://adsknews.autodesk.com/views/2020-impact-report-ceo>

<sup>19</sup> Autodesk, "2020 Annual Report", (2020), at: [https://www.annualreports.com/HostedData/AnnualReportArchive/a/NASDAQ\\_ADSK\\_2020.pdf](https://www.annualreports.com/HostedData/AnnualReportArchive/a/NASDAQ_ADSK_2020.pdf)

<sup>20</sup> Autodesk, "Code of Business Conduct", (2021), at: <https://damassets.autodesk.net/content/dam/autodesk/www/Company/docs/pdf/Code-of-Business-Conduct-EN.pdf>

<sup>21</sup> Autodesk, "Human Rights Policy", at: <https://www.autodesk.com/sustainability/human-rights-policy>

<sup>22</sup> Autodesk, "Partner Code of Conduct", (2019), at: <https://damassets.autodesk.net/content/dam/autodesk/www/Company/docs/pdf/partner-code-of-conduct.pdf>

- Autodesk has been a signatory to the United Nations Global Compact Principles since 2011 and conforms to its 10 principles related to upholding human rights, eliminating unfair labour practices, prevention of environmental degradation, and anti-corruption.<sup>23</sup>

Based on these policies, guidelines and procedures, Sustainalytics is of the opinion that Autodesk has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All six use of proceeds categories are aligned with those recognized by the GBP or SBP. Sustainalytics focuses on two below whose impact is specifically relevant in the local context.

#### Importance of digitization in enhancing energy efficiency in the construction industry

In 2019, the buildings and construction sector accounted for 35% of the global energy consumption and 38% of energy-related CO<sub>2</sub> emissions.<sup>24</sup> Reports state that the construction industry is set to grow by 5.7% in 2021 and at an average annual rate of 3.7% between 2022 and 2025.<sup>25</sup> Furthermore, the UN Environmental Programme estimates that global material use is expected to more than double by 2060 and attributes one-third of the expected growth to the construction sector.<sup>26</sup> Concrete, more specifically, is expected to contribute to 12% of global GHG emissions in 2060.<sup>27</sup> As a result, achieving the climate related targets established under the Paris Agreement will require significant improvement in the energy efficiency of the construction sector, which ranks as the second least digitized industry after agriculture.<sup>28</sup>

Large construction projects take approximately 20% longer to finish than scheduled and exceed the allocated budget by up to 80%.<sup>28</sup> This can be partially attributed to the lack of R&D spending, and process and technology innovations which result in poor coordination in project planning, inadequate performance management and unsophisticated supply-chain practices. For the construction industry, R&D and IT spending represent less than 1% of revenues, relative to 3.5-4.5% for the automotive and aerospace sectors.<sup>28</sup> Additionally, less than 6% of construction companies are estimated to make full use of digital planning tools.<sup>29</sup> Studies have found that the application of lean principles in construction can help to minimize inventories, overproduction, rework, transportation and overall waste.

Sustainalytics is of the opinion that Autodesk's investments in digitization of the construction industry have the potential to deliver positive environmental impact, and contribute to the transition to a low-carbon economy and the achievement of global climate change objectives.

#### Importance of digitization in improving water efficiency and strengthening water infrastructure

Water is a basic human need, required for drinking and to support sanitation and hygiene, sustaining life and health. The current condition of the world's water resources highlights the need for better water resource management.<sup>30</sup> According to the UN, less than 3% of the world's water is fresh or drinkable, and 70% of it is frozen in Antarctica, the Arctic and glaciers.<sup>31</sup> Agricultural production accounts for 69% of the global freshwater consumption, with global demand for food and agricultural products anticipated to increase by 50% by 2050, relative to a 2012 baseline, largely driven by population growth.<sup>32</sup> Similarly, the energy, industry and business sectors account for another 19% of the global freshwater consumption, while municipalities are responsible for 12%.<sup>32</sup>

<sup>23</sup> United Nations Global Compact, at: <https://www.unglobalcompact.org/>

<sup>24</sup> UNEP, "2020 Global Status Report for Buildings and Construction", (2020), at: [https://globalabc.org/sites/default/files/inline-files/2020%20Buildings%20GSR\\_FULL%20REPORT.pdf](https://globalabc.org/sites/default/files/inline-files/2020%20Buildings%20GSR_FULL%20REPORT.pdf)

<sup>25</sup> World Cement, "Global Data: Global construction industry to grow by 5.7% in 2021", (2021), at: <https://www.worldcement.com/europe-cis/28072021/globaldata-global-construction-industry-to-grow-by-57-in-2021/>

<sup>26</sup> Angelica Y. Yang (2021) Economy: Digitalization may cut carbon emissions from construction, at:

<https://smartretirementreport.com/2021/09/20/digitalization-may-cut-carbon-emissions-from-construction/>

<sup>27</sup> UN Environment Programme Factsheet, Buildings and Constructions 2021, at: <https://www.unep.org/resources/factsheet/buildings-and-construction>

<sup>28</sup> Agarwal, R., et al. (2016) "Imaging construction's digital future", McKinsey & Company, at: <https://www.mckinsey.com/business-functions/operations/our-insights/imagining-constructions-digital-future>

<sup>29</sup> Roland Berger, "Digitization in the construction industry" (2016)

<sup>30</sup> UNESCO, "The United Nations world water development report 2021: valuing water", (2021), at: <https://unesdoc.unesco.org/ark:/48223/pf0000375724>

<sup>31</sup> UN, "Water – Facts and Figures", at: <https://www.un.org/en/actnow/facts-and-figures>

<sup>32</sup> UN, "The United Nations world water development report 2021: valuing water", at: <https://unesdoc.unesco.org/ark:/48223/pf0000375724>

According to the World Bank, water supply is facing growing pressure from climate change and urbanization as well as from systemic issues, such as inadequate funding, ageing infrastructure and legacy processes.<sup>33</sup> Without the use of digital technologies, pipe leaks are generally only identified when such pipes have exploded, resulting in high costs of repair, loss of treated water, property damage and service disruption.<sup>34</sup> The World Health Organization estimates that more than 45 million m<sup>3</sup> of water are lost globally per day through leakages and the cost of water lost before reaching the consumer is expected to be around USD 14 billion annually.<sup>35</sup> Digitization of water infrastructure offers the potential to address these issues through automated monitoring of pipes and detecting leaks prior to pipe bursts.<sup>34</sup> Additionally, in 2018, more than two billion people lived in countries experiencing water stress.<sup>32</sup> Digitization can support in addressing issues like water scarcity through data analysis, developing solutions for water distribution problems and enabling monitoring of water management systems.<sup>36</sup>

With regards to wastewater treatment and recycling, UNESCO estimates that 380 billion m<sup>3</sup> of water can be recovered annually from the wastewater produced, with such water recovery expected to reach 470 billion m<sup>3</sup> by 2030 and 574 billion m<sup>3</sup> by 2050.<sup>32,30</sup> Despite that, an estimated 80% of all industrial and municipal wastewater is released into the environment without any treatment, causing detrimental effects to human health as well as the ecosystems.<sup>32</sup> Smart wastewater systems can support prevention of sewage overflows and release of water by providing real-time information about water levels and quality.<sup>36</sup>

Autodesk's acquisition of InnoVoyze, a global software provider focused on optimizing water operations and processes, is expected to support the resolution of water loss, water scarcity and lack of water infrastructure issues faced globally. Additionally, Sustainalytics is of the opinion that Autodesk's financing towards research and development aimed at digitizing the water industry will help optimize water use and has the potential to contribute towards the relief of water supply stress globally.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds eventually issued under the Autodesk Sustainability Financing Framework are expected to contribute to the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Eco-Efficient Products, Production Technologies, and Processes	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
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

<sup>33</sup> World Bank, "World Bank Group Support for Water and Sanitation Solutions;", (2016), at: <https://www.worldbank.org/en/topic/water/brief/working-with-public-private-sectors-to-increase-water-sanitation-access>

<sup>34</sup> Water and Wastes Digest, "Digitizing Utilities", (2019), at: <https://www.wwdmag.com/smart-water/digitizing-utilities>

<sup>35</sup> WHO, "Water Facts", at: <http://www.waterintelligence.co.uk/water-facts/>

<sup>36</sup> Water Online, "Digitizing The Water Sector: An Opportunity To Improve Water Quality", (2021), at: <https://www.wateronline.com/doc/digitizing-the-water-sector-an-opportunity-to-improve-water-quality-0001>

	11. Sustainable Cities and Communities	11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
Renewable Energy and Energy Efficiency	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency
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
Pollution Prevention and Control	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
Socio-economic Advancement and Empowerment	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
	8. Decent Work and Economic Growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

## Conclusion

Autodesk has developed the Autodesk Sustainability Financing Framework under which it may issue sustainability bonds and use the proceeds to finance projects related to eco-efficient products and technologies, renewable energy generation, green buildings, wastewater management, socio-economic advancement and empowerment and access to essential services. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.



The Autodesk Sustainability Financing Framework outlines a process to track, allocate and manage proceeds, and makes commitments for Autodesk to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Autodesk Sustainability Financing Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the

advancement of the UN Sustainable Development Goals 4, 6, 7, 8, 9, 10, 11 and 12. Additionally, Sustainalytics is of the opinion that Autodesk 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 Autodesk, Inc. is well positioned to issue sustainability bonds and that the Autodesk Sustainability Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

## Appendices

### Appendix 1: Certification Schemes for Green Buildings

	BREEAM	LEED
<b>Background</b>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).
<b>Certification levels</b>	Pass Good Very Good Excellent Outstanding	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>
<b>Areas of Assessment</b>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>
<b>Requirements</b>	Prerequisites depending on the levels of certification and credits with associated points. This number of points is then weighted by item <sup>35</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification. There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g., New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).
<b>Performance display</b>		
<b>Qualitative Considerations</b>	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized internationally, and strong assurance of overall quality.

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

### Section 1. Basic Information

Issuer name:	Autodesk, Inc.
Sustainability Bond ISIN or Issuer Sustainability Financing Framework Name, if applicable:	Autodesk Sustainability Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October [x], 2021
Publication date of review publication:	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize 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 <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 categories for the use of proceeds – Eco-Efficient Products, Production Technologies, and Processes, Sustainable Water and Wastewater Management, Renewable Energy and Energy Efficiency, Green Buildings, Pollution Prevention and Control, and Socio-economic Advancement and Empowerment – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 4, 6, 7, 8, 9, 10, 11 and 12.

### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input 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 type="checkbox"/> Clean transportation  |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input checked="" 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 checked="" type="checkbox"/> Other (please specify): Renewable Energy and Energy Efficiency       |

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 type="checkbox"/> Access to essential services                                   |
| <input type="checkbox"/> Affordable housing   | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security  | <input checked="" type="checkbox"/> Socio-economic 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):

Autodesk's eligible projects will be evaluated and selected by the Sustainable Bond Working group. Autodesk's eligible projects will be evaluated and selected by the Sustainable Bond Working group. Autodesk has in place environmental and social risk management processes which are applicable to all allocation decisions made under the Framework. The group will establish and track allocations of net proceeds of the eligible projects and will perform periodical review. Sustainalytics considers the project selection process in line 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 type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available                | <input type="checkbox"/> Other (please specify):   |

#### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <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*):

Autodesk's Finance Department will be responsible for tracking the net proceeds allocated to eligible projects. Autodesk intends to fully allocate eligible proceeds within two-three years following each bond issuance. This is in line with market practice.

#### Tracking of proceeds:

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

#### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- |   |  |
|---|--|
| <input type="checkbox"/> Allocation to individual disbursements                             | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements                 |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (please specify): share of financing vs. refinancing |

**4. REPORTING**

Overall comment on section (if applicable):

Autodesk, Inc. intends to report on allocation of proceeds on its website on an annual basis until full allocation. The report will be accompanied by an attestation from an independent registered public accounting firm in accordance with attestation standards established by the American Institute of Certified Public Accountants. In addition, Autodesk, Inc. is committed to reporting on relevant impact metrics. Sustainalytics views Autodesk, Inc. '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 type="checkbox"/> Other (please specify): project description, expected/realized impact metrics |   |

**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 checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings              |
| <input checked="" type="checkbox"/> Decrease in water use   | <input type="checkbox"/> Number of beneficiaries                |
| <input type="checkbox"/> Target populations                 | <input type="checkbox"/> Other ESG indicators (please specify): |

Eco-Efficient Products, Production	<ul style="list-style-type: none"> <li>Average or expected CO<sub>2</sub> emissions reduction and/or energy use reduction for typical use-case scenarios of Autodesk software solutions receiving allocations</li> </ul>
------------------------------------	--

Technologies, and Processes	<ul style="list-style-type: none"> <li>• Case study examples that demonstrate sustainable outcomes (e.g., CO<sub>2</sub> emissions reduction and/or energy use reduction) of Autodesk software solutions receiving allocations</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>• Average or expected volume of water consumption avoided or reduced for typical use-case scenarios of Autodesk software solutions receiving allocations</li> <li>• Average or expected volume of treated or recycled water for typical use-case scenarios of Autodesk software solutions receiving allocations</li> <li>• Case study examples that demonstrate sustainable outcomes (e.g. water use avoided) of Autodesk software solutions receiving allocations</li> </ul>
Renewable Energy and Energy Efficiency	<ul style="list-style-type: none"> <li>• Renewable energy capacity purchased or generated on-site</li> <li>• Annual energy savings</li> <li>• Annual GHG emissions reduced or avoided</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>• Square feet of green certified buildings, by certification type and level</li> <li>• Annual GHG emissions reduced or avoided</li> <li>• % Energy Reduction</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>• Acreage of wildland or forest protected</li> <li>• Metric tons of greenhouse gas emissions reduced or sequestered</li> </ul>
Socio-economic Advancement and Empowerment	<ul style="list-style-type: none"> <li>• Number of persons utilizing social advancement programmes</li> <li>• Progress towards underrepresented groups target</li> <li>• Number of persons utilizing education programmes</li> </ul>

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

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF 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 Financing 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 Financing 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 Financing 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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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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