

Second-Party Opinion

Coriance Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Coriance Green Financing Framework aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds, Renewable Energy and Energy Efficiency, are aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goal 7.



PROJECT EVALUATION / SELECTION Coriance's internal process for evaluating and selecting projects is managed by the Executive Committee and representatives of other parties nominated as subject matter experts. The process follows a top down approach to identify brownfield and greenfield opportunities in the French District Heating ("DH") sector that are aligned with the eligibility criteria outline in the Framework. Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS Coriance's processes for management of proceeds is handled by the management team and the CFO. The Company intends to allocate the proceeds to refinance the debt drawn for existing projects and finance already identified projects in the near future. Unallocated proceeds will remain in the cash account or may be invested in low risk financial products in the money market. This is in line with market practice.



REPORTING Coriance intends to report on allocation of proceeds to investors, on an annual basis, until full maturity of the bond. Reporting will include a breakdown of proceeds, amount of unallocated proceeds or undrawn commitments and a description of the activities financed. In addition, Coriance is committed to reporting on relevant impact metrics. Sustainalytics views Coriance's allocation and impact reporting as aligned with market practice.

Evaluation date	April 29, 2020
Issuer Location	Noisy-le-Grand, France

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Introduction

Headquartered in Noisy-le-Grand, Coriance Direction (“Coriance” or the “Issuer” or the “Company”) is a French company operating under the Délégation de Service Public (“DSP”) framework, in the district heating and cooling sector in France and Belgium. The Coriance Group has more than 400 employees spread across its 37 subsidiaries.

Coriance has developed the Coriance Green Financing Framework (the “Framework”) under which it intends to issue green finance instruments and use the proceeds to refinance its existing senior financial debt (EUR 125 mn) and finance forthcoming CAPEX over the next two years. Existing and future projects will aim at decarbonizing heating and cooling systems primarily through geothermal and biomass generation, and energy efficient networks.

The Framework defines eligibility criteria in two areas:

1. Renewable Energy
2. Energy Efficiency

Coriance engaged Sustainalytics to review the Coriance Green Financing Framework, dated March 2020, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)¹ and Green Loan Principles (2018).² This Framework will be published in a separate document.

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

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

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Green Loan Principles are administered by the Loan Markets Association and are available at: https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Coriance Green Financing Framework

Sustainalytics is of the opinion that the Coriance Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP 2018 and GLP 2018. Sustainalytics highlights the following elements of Coriance's Green Financing Framework:

- Use of Proceeds:
 - The eligible categories, Renewable Energy and Energy Efficiency, are aligned with those recognized by the GBP 2018 and GLP 2018. Projects will take place in France and will contribute to improvements in the district heating sector by increasing the share of renewable generation and reducing heat losses through more efficient infrastructure.
 - Regarding Renewable Energy, Coriance may finance studies, conception and development of renewable energy plants that use biomass and geothermal³ as primary energy source. Sustainalytics notes that Coriance's renewable production rate is estimated at 68% while market average is 55%. For heat generation from biomass, Sustainalytics notes that Coriance is sourcing feedstock sustainably. For more information concerning feedstock procurement, please refer to Section 2: Sustainability Performance of Coriance. The category also includes expenditures on distribution networks and the dismantling of fossil energy technologies such as coal boilers. Overall, projects financed within this category will contribute to an increase the share of renewables in Coriance's production mix and decrease its reliance on fossil fuels.
 - As for Energy Efficiency, the Company may finance heat or cooling network distribution or IT systems that optimize the energy management (e.g. peak heat demand) and storage for efficient distribution of renewable energy, facilitating the integration of renewables. Projects may also include energy efficiency programs for final customers, such as building insulation, or individual energy efficiency audits. These projects are expected to foster the penetration of renewables and therefore avoid the consumption of fossil energy during peak demand, as well as reducing end-use energy consumption through energy efficiency programs.
- Project Evaluation and Selection:
 - Coriance's internal process in evaluating and selecting projects is managed by the Executive Committee and representatives from other parties nominated as subject matter experts. The process follows a top down approach to identify brownfield and greenfield opportunities in District Heating ("DH") sector in France. Projects are evaluated and selected based on the eligibility criteria in the Framework. For an exhaustive list of eligible projects, please refer to Appendix 1: List of Eligible Projects. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Coriance's processes for management of proceeds is handled by the management team and the CFO. The Company intends to allocate the proceeds to refinance the debt drawn for existing projects and already identified projects in the near future. In the event of one or more projects being delayed or deferred, Coriance is committed to allocate the proceeds towards new eligible project(s). Unallocated proceeds will remain on the cash account or invest in low-risk financial products in the money market. Based on these elements Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Coriance intends to report allocation proceeds to investors and lenders on confidential basis. Reporting will include a breakdown of proceeds, amount of unallocated proceeds or undrawn commitments and a description of the activities financed. In addition, Coriance is committed to reporting on relevant impact metrics, such as percentage of renewable energy in the production mix for each Coriance's network and avoided or reduced CO₂eq emissions. Based on these elements, Sustainalytics considers this process to be in line with market practice.

³ Projects are limited to geothermal heat pumps.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2018

Sustainalytics has determined that the Coriance Green Financing Framework aligns to the four core components of the GBP 2018 and GLP 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Coriance

Contribution of Framework to Coriance's Sustainability Strategy

Coriance is committed "to act[ing] as a responsible and sustainable operator on the energy market."⁴ The Company's environmental agenda is focused on four different areas, namely (i) lowering of GHG emissions, pollution and fossil fuel dependence to make energy consumption sustainable, (ii) maximising energy efficiency of the network, (iii) effectively managing and minimising air emissions and promoting efficient waste-to-energy systems and (iv) incorporating environmentally sustainable management of living and natural resources into the governance framework:

(i) Lowering of GHG emissions, pollution and fossil fuel dependence to make energy consumption sustainable, the Company has an expected renewable production rate of over 65% for 2020 versus a market average in the range of 55%.⁴ Proceeds directed towards financing of renewable energy plants could further lower Coriance's GHG emissions and reduce fossil fuel dependence.

(ii) Maximising energy efficiency of the network, Coriance is committed to improving the energy efficiency of its network as part of its long term business plan.⁴ As such, projects falling under the Energy Efficiency category e.g. IT system optimizing energy management and storage projects, as well as targeted refurbishment of distribution networks can contribute to improve Coriance's networks energy efficiency.

(iii) Effectively managing and minimising air emissions and promoting efficient waste-to-energy ("WtE") systems, Coriance signed contracts with WtE facilities to offtake heat generation and deliver energy to its local network.⁴

(iv) Incorporating environmentally sustainable management of living natural resources into the governance framework, the Company implemented monitoring and control of environmental emissions, waste and energy efficiency to minimize its environmental impact.⁴ For more information regarding Coriance's sustainable management of living and natural resources and in particular land-use change and biodiversity, please refer to the risk section.

Sustainalytics is of the opinion that the Coriance Green Financing Framework is aligned with the Company's overall environmental agenda and initiatives and will contribute to further reducing the Company's overall environmental footprint. However, Sustainalytics notes that the Company has not yet disclosed a publicly available sustainability strategy or released any quantitative, time-bound targets, which is encouraged.

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 recognized by the GBP and will have an overall positive environmental impact. However, Sustainalytics is aware that environmental and social risks must be mitigated. For example, stakeholders need to be engaged if the development of projects may have an impact on them; land-use change⁵ and biodiversity loss associated with biomass plantations must be mitigated, as well as feedstock procurement. Furthermore, worker health and safety issues must also be considered. Nonetheless, Sustainalytics is of the opinion that Coriance can manage and/or mitigate potential risks through the following measures and regulations:

- For stakeholder engagement, Coriance strives to maintain constructive and open relationships with key stakeholders, particularly with local authorities.⁴
- In terms of feedstock procurement for biomass plants (wood chips), the Company is required under its regulated contracts to source biomass within a maximum of 200KMs of each site (and often less than 100KMs). For instance, as part of its contract with the Briançon Commune, Coriance is committed to source 60% of its biomass feedstock from wood chips produced in the Hautes-Alpes. In addition, France sustainable forest management standard is endorsed by PEFC.⁶ Feedstock will be completed by "DIB classe A"⁷ chips and sawmill woodchips.

⁴ Coriance Green Financing Framework

⁵ Nonhebel, S., (2005), "Renewable energy and food supply: will there be enough land?", Renewable and Sustainable Energy Reviews, at: <https://www.sciencedirect.com/science/article/abs/pii/S1364032104000498>

⁶ PEFC, "National Members", at: <https://www.pefc.org/discover-pefc/our-pefc-members/national-members/pefc-france>

⁷ The "Déchets Industriels Banals A" ("Common Industrial Waste A") are raw wood waste, consisting mainly of shredded crates and pallets.

- In terms of land-use change and biodiversity, Coriance is actively involved in reforestation to tackle climate change and preserve biodiversity.⁴ As such, Coriance renewed its partnership with Reforest'Action, a reforestation company.⁴ Since 2016, Coriance achieved to store 1,026 tonnes of CO₂ and to create 20,458 animal shelters. In addition, in its latest customer offers for DH networks, the Company often proposes specific biodiversity initiatives such as including beehives on its industrial production sites when appropriate.⁴
- Coriance aims at reaching the highest Health, Safety and Environment ("HSE") performance through the reduction of accidents frequency and severity rate, no HSE violations and effective reporting and follow-up.⁴ Since 2016, accident severity and frequency rates have decreased by 70% and 67% respectively.⁴ Most of its operating sites are certified ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001 and the Company endorses a continuous assessment of its business areas to ascertain their impact on the HSE of staff, contractors and visitors.⁴

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

The two use of proceeds categories are aligned with those recognized by the GBP 2018 and GLP 2018. Sustainalytics discusses below where the impact is specifically relevant in the local context.

Increasing Renewable Heat Generation in France

In 2017, heat accounted for 42.3% of final energy consumption in France.⁸ Heat is mainly produced from gas (40%); followed by renewables at (21%); electricity and oil (18% and 16% respectively); and coal (5%).⁸ The share of renewables has increased by approximately 0.8% on average per year since 2010.⁸ The Energy Transition for Green Growth Act ("ETGGA") set a target of 38% renewables in final heat consumption by 2030.⁹ In order to reach this target, the rate of growth in the rate of renewable heat must be accelerated to an average of 1.2% per year, i.e. 1.5 times higher than the rate between 2010 and 2016.⁸ Thus, renewable heat projects funded under the Framework could assist France in meeting its renewable targets for heat generation.

Sustainalytics is of the opinion that projects financed from the Renewable Energy category are credible and impactful and can increase the share of renewables in heat generation, helping France in meeting its renewable heat generation targets.

The Importance of Heating & Cooling Networks in France

The Multi Annual Energy Plan acknowledges the essential role of heating networks as an opportunity for the expansion of renewables and the recovery of energy from waste heat.⁸ The share of renewable and recovered energy reached approximately 57.1% in 2017, compared to 27% in 2005 and 40% in 2013.⁸ Thus, the ETGGA has set a target of 39.5 TWh of renewable and recovered heat and cooling delivered by the networks by 2030 compared to 2012.⁹ Projects financed under the Energy Efficiency category could therefore assist France in meeting its renewable and recovered heat and cooling targets.

Where feasible, networks are built with a low level of water flow temperature (<90°C), which enables a significant reduction in losses compared to a high temperature system (150°C).⁸ Lower temperatures also allow to maximize the integration of potential low temperature sources (solar, geothermal, recovery etc.)⁸ which further demonstrates the positive environmental impact of such projects.

Sustainalytics is of the opinion that projects financed in the Energy Efficiency category are credible and impactful, and could assist France in meeting its renewable and recovered heat and cooling targets.

Alignment with/contribution to SDGs

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

⁸ Ministry of Ecological and Solidarity Transition, "Le projet de PPE pour consultation du public », (2020), at: <https://www.ecologique-solidaire.gouv.fr/programmations-pluriannuelles-energie-ppe>

⁹ Ministry of Ecological and Solidarity Transition, "Loi de transition énergétique pour la croissance verte", (2015), at: <https://www.ecologique-solidaire.gouv.fr/loi-transition-energetique-croissance-verte>

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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
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

Conclusion

Coriance has developed the Coriance Green Financing Framework under which it will issue green bonds and the use of proceeds to finance renewable power plants and energy efficient heating and cooling networks distribution. Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impact.

The Coriance Green Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Coriance Green Financing Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Coriance has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Coriance is well-positioned to issue green bonds and that the Coriance Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018.

Appendices

Appendix 1: List of Eligible Projects

YEAR(S)	PROJECT	ELIGIBLE CRITERIA
2016-2018	Drilling new geothermal wells	Renewable Energy Project
2016-2020	Construction of district heating network (biomass)	Renewable Energy Project Energy Efficiency Project
2017-2019	Drilling new geothermal wells and installation of a heat pump	Renewable Energy Project
2017-2020	Construction of district heating network (biomass)	Renewable Energy Project Energy Efficiency Project
2017-2021	Creation of a district heating network (biomass, WtE recovery)	Renewable Energy Project Energy Efficiency Project
2019	Acquisition of a biomass cogeneration facility	Renewable Energy Project
2019-2022	Dismantling of coal boilers, large-scale network refurbishment, conversion of network from high pressure to low pressure	Renewable Energy Project Energy Efficiency Project
2020-2022	Construction of district heating network (biomass)	Renewable Energy Project Energy Efficiency Project
2020-2022	Drilling new geothermal wells and installation of a heat pump	Renewable Energy Project Energy Efficiency Project
2020-2022	Creation of a district heating network (biomass, geothermal)	Renewable Energy Project Energy Efficiency Project
2021-2022	Installation of a geothermal heat pump	Renewable Energy Project
2022	Installation of a geothermal heat pump	Renewable Energy Project

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

Section 1. Basic Information

Issuer name:	Coriance
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Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Coriance Green Financing Framework
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Review provider's name:	Sustainalytics
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Completion date of this form:	April 29, 2020
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Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	
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Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

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

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds Renewable Energy, Energy Efficiency are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goal 7.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Coriance's internal process for evaluating and selecting projects is managed by the Executive Committee and representatives of other parties nominated as subject matter experts. The process follows a top down approach to identify brownfield and greenfield opportunities in the French District Heating ("DH") sector. Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

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

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- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Coriance's processes for management of proceeds is handled by the management team and the CFO. The Company intends to allocate the proceeds to refinance the debt drawn for existing projects and finance already identified projects in the near future. Unallocated proceeds will remain on the cash account or may be invested in low risk financial products in the money market. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green 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 (<i>please specify</i>): |

Additional disclosure:

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

4. REPORTING

Overall comment on section (if applicable):

Coriance intends to report on allocation of proceeds to investors, on an annual basis, until full maturity of the bond. Reporting will include a breakdown of proceeds, amount of unallocated proceeds or undrawn commitments and a description of the activities financed. In addition, Coriance is committed to reporting on relevant impact metrics. Sustainalytics views Coriance's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

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

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
- Other (*please specify*):

Frequency:

- Annual
 Semi-annual
- Other (*please specify*): amount of unallocated proceeds or undrawn commitments and description of the activities financed

Impact reporting:

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

Frequency:

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

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
- Decrease in water use
 Other ESG indicators (*please specify*): Volumes of energy produced at each of Coriance's network in MWh, Volumes of energy delivered to customer at each of Coriance's network in MWh, % of green energy in the production mix for each Coriance's network, Volumes of fuel used in MWh (for biomass, WtE, electricity, biogas), Heat loss as percentage of heat produced (%), MWh connected / equivalent residential unit,

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and Avoided or reduced CO₂-e emissions.

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Information will be made available to investors on a confidential basis. |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to 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 INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

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- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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Sustainalytics

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

For more information, visit www.sustainalytics.com

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