

Second-Party Opinion

Doris Duke Charitable Foundation, Inc. Social Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Social Bond Framework aligns with the four core components of the Social Bond Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – the provision of Special Allocation Grants to nonprofit organizations – is aligned with those recognized by the Social Bond Principles, namely socioeconomic advancement and empowerment. Sustainalytics considers that the eligible category will lead to positive social impacts in the program areas to which the Foundation provides grants and advance the UN Sustainable Development Goals, specifically SDG 3, 8 and 10.



PROJECT EVALUATION / SELECTION The Doris Duke Charitable Foundation’s Board, leadership and program team will be in charge of selecting the recipients of the Special Allocation Grants. Prospective grantees will be evaluated to ensure they align with the Foundation’s mission and that they comply with all legal requirements. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS The Doris Duke Charitable Foundation will track net proceeds of the social bonds through a register which will be updated on an ongoing basis. Pending allocation net proceeds will be invested as part of the Foundation’s endowment. This is in line with market practice.



REPORTING The Doris Duke Charitable Foundation intends to report on the allocation proceeds on its website on an annual basis until full allocation, in line with the Foundation’s current grant-making reporting. The reporting will include a summary of grants provided detailing grant amounts and duration, a description of the organization or project funded, region, and impact metrics such target populations, if applicable. Sustainalytics views the Foundation’s allocation and impact reporting as aligned with market practice.

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Introduction

The Doris Duke Charitable Foundation, Inc., (the “Foundation” or “DDCF”) is a non-profit corporation established in 2017 in New York, U.S., to be the successor entity of the Doris Duke Charitable Foundation, which was created in 1996. The Foundation’s activities are guided by the will of Doris Duke, who endowed the foundation with financial assets of approximately USD 1.9 billion as of December 31, 2019.¹ The mission of the Foundation is to improve the quality of people’s lives through grants supporting the performing arts, environmental conservation, medical research and child well-being, and through the preservation of the cultural and environmental legacy of Doris Duke’s properties.

The Foundation has developed the Social Bond Framework (the “Framework”) under which it intends to issue one or more social bonds and use the proceeds to provide grant funding, over and above its normal grant-making, to organizations, projects and programmes that are aligned with the Foundation’s program areas with a focus on inequality.

The Foundation engaged Sustainalytics to review the Social Bond Framework, dated July 2020, and to provide a second-party opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2020 (SBP).² The Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

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

- The Framework’s alignment with the Social Bond Principles 2020, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- 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 1.4, 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 Foundation’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. Foundation representatives have confirmed (1) they understand it is the sole responsibility of Foundation to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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 Foundation.

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.

¹ DDCF, “Mission & History”, at: <https://www.ddcf.org/about-us/mission-and-history/>.

² The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

³ The Social Bond Framework will be made available on the Doris Duke Charitable Foundation, Inc.’s website: <https://www.ddcf.org/>

⁴ 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.

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

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Social Bond Framework

Sustainalytics is of the opinion that the Social Bond Framework is credible and impactful, and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of Foundation's Social Bond Framework:

- Use of Proceeds:
 - The Framework's use of proceeds criteria are aligned with one of the categories recognized by the SBP, namely socioeconomic advancement and empowerment.
 - The proceeds of DDCF's Social Bonds will fund Special Allocation Grants which will be made in addition to the Foundation's normal grant making and will be directed to building resilience in the nonprofit sector and stabilizing and strengthening key nonprofit organizations.
 - The COVID-19 pandemic, and the resultant control measures and socioeconomic impacts, has negatively impacted non-profits both operationally and financially. The Framework therefore makes eligible for Special Allocation Grants those existing and prospective grantees and Program-Related Investment ("PRI") partners that are largely dependent on philanthropic funding and particularly vulnerable. Sustainalytics views positively this intent to support organizations which have been most severely affected and to ensure continuing support for the communities they serve.
 - The Foundation operates grant-making programs in four thematic areas, with a focus on inequality: Arts, Environment, Medial Research, and Child Well-Being. Sustainalytics is of the opinion that by aligning the Special Allocation Grants with the Foundation's existing program areas, that the grants financed by bonds issued under the Framework will provide social benefits.⁵
 - Sustainalytics notes that full allocation of social bond proceeds for philanthropic purposes is not typically aligned with market practice. However, as the DDCF's operational model is entirely philanthropic, Sustainalytics views such allocation as an appropriate and beneficial exception.
- Project Evaluation and Selection:
 - Special Allocation Grants applications will be evaluated by the Foundation's Board, leadership, and program teams. Grantees and PRI partners will undergo an application process that will be administered by program teams that are subject matter experts in their respective fields.
 - Applications will be reviewed against certain criteria including, but not limited to, (i) the issues the organization/project addresses, (ii) geographic focus and/or communities and populations the organization/project intends to support, (iii) long-term goals, (iv) existing revenue sources, (v) potential impact, (vi) prior experience, and (vi) diversity goals and efforts.
 - Based on the use of defined internal procedures, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Foundation will create a register to track the net proceeds of the social bonds on an ongoing basis and until full allocation. DDCF has communicated to Sustainalytics that the register will be overseen by the Grants Management and Finance teams. Pending allocation Bonds will be

⁵ Sustainalytics has reviewed both the Foundation's grant-making policies as well as a sample of the grants provided over the 2018-2019 period to support this conclusion.

- invested as part of the Foundation's endowment which is committed in its entirety to fulfill the Foundation's charitable purpose.
- The Foundation intends to fully allocate net bond proceeds within 1-2 years, while the use of a multi-year grant format will see full distribution of the proceeds in an additional 1-3 years.
 - Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - DDCF intends to follow its current reporting practices on its grant-making process by listing all grants and grantees on its website. The reporting will include a summary of grants provided detailing grant amounts and duration, a description of the organization or project funded, region, and impact metrics such target populations, if applicable. The Foundation will designate Special Allocation Grants as such in its reporting and the information will be updated annually until all net proceeds of the social bonds have been awarded.
 - In addition, the Foundation intends to provide summary of the Special Allocation Grant program on its website upon full allocation. The report is expected to include (i) an affirmation by management that the net proceeds of the Bonds were awarded to Special Allocation Grants and (ii) summary information regarding grants awarded by program area.
 - Based on DDCF reporting commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Social Bond Principles 2020

Sustainalytics has determined that the Social Bond Framework aligns to the four core components of the SBP 2020. For detailed information please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Performance of Foundation

Contribution of Framework to the Doris Duke Charitable Foundation sustainability strategy

Sustainalytics is of the opinion that the Foundation demonstrates a strong commitment to sustainability with a focus on four areas: (i) the performing arts, (ii) environmental conservation, (iii) medical research, and (iv) child well-being.⁶

The Foundation actualizes this commitment through its operation of four national grant-making programs, in addition to supporting the African Health Initiative as well as the Doris Duke Foundation for Islamic Art, which has a grant-making program of its own, the Building Bridges Program:

- The Arts Program – supports contemporary dance, jazz, and theatre artists with the creation and performance of their work. In addition to ongoing funding, the Arts Program began the USD 50 million Dori Duke Performing Artist Initiative which awarded more than 200 artists and various dance companies, theater, and presenters. The Foundation has given nearly 860 grants, totaling approximately USD 407 million in this area since 1997.
- The Child Well-being Program – Promotes children's healthy development and protection from abuse and neglect through (i) building a repertoire of preventive strategies, (ii) expanding the capacity of existing systems, and (iii) developing and disseminating knowledge. Since its addition to the DDCF portfolio in 2000, this program has awarded 177 grants totaling approximately USD 121 million for this cause.
- The Environment Program – enables communities to protect and manage wildlife habitat and create efficient built environments. The program works through four goals and strategies: (i) land conservation in an era of climate change, (ii) wildlife and energy development, (iii) strengthening the conservation field, and (iv) environmental stewardship in the tri-state area. DDCF has awarded 340 grants totaling more than USD 345 million for this cause since 1997. In addition, DDCF issued a USD 20 million line of credit to The Nature Conservancy as a program related investment to support the acquisition of resilient landscapes for conservation purposes.
- The Medical Research Program – advances prevention, diagnosis, and treatment of human disease by strengthening and supporting clinical research. This program facilitates clinical research by supporting laboratory staff and investigators that advance and expand clinical research. This program has awarded 844 grants totaling approximately USD 331 million in funding since 1998.⁷

⁶ DDCF, "What We Fund", at: <https://www.ddcf.org/what-we-fund/>.

⁷ DDCF, "Social Bond Framework: Appendix A".

- The African Health Initiative – aims to strengthen health systems by supporting partnerships that design, implement and evaluate large-scale models of care that link implementation research and workforce training directly to the delivery of integrated primary healthcare in sub-Saharan Africa. Since its inception in 2007, the African Health Initiative has awarded 98 grants totaling approximately USD 78 million.
- The Building Bridges Program – aims to support national efforts to increase understanding and reduce bias between Muslim and non-Muslim communities across the country and supporting diverse populations for the benefit of building stronger, and inclusive communities. Since the first grants issues in 2005, the Foundation has awarded a total of 192 grants worth approximately USD 27 million.

Along with its additional initiatives and programs DDCF has awarded a cumulative total of USD 1.87 billion since 1997.⁸ Sustainalytics is of the opinion that the Social Bond Framework is aligned with the Foundation's overall strategy and will further the Foundation's action on its key social priorities, in addition to providing key support to its partners and grant recipients in the face of the impacts of the COVID-19 pandemic.

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

While Sustainalytics recognizes that the net proceeds from the bond(s) issued under the Framework will be directed towards eligible projects that are recognized by the SBP to have positive social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key risks associated with the eligible projects include risks of social inequity if funds are not well-managed and if they are not directed to programs which are appropriately targeted to vulnerable populations; impacts on local communities and other stakeholders during program implementation; and risk of diversion of funds.

Sustainalytics is of the opinion that the Foundation is able to manage and/or mitigate potential risks through its grant development and approval process, which requires final approval by the Board of Trustees. This process also undergoes a due diligence review involving various subject matter experts who corroborate that grant programs are in line with the organization's mission, including environmental and social aspects that have to be upheld.⁹ Furthermore, the Foundation's expenditures are governed by its tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code")¹⁰ and the Foundation's classification as a private foundation. DDCF by-laws delineate specific requirements to use, disburse, or donate funds:

- To support the charitable operations of one or more charitable organizations created by Doris Duke during her lifetime or by her Last Will and Testament, or any successor entity thereto or any entity established or primarily funded by any such organization as qualified under Section 501(c)(3) of the Code;
- To make grants to one or more charitable organizations that qualify under Section 501(c)(3) of the Code and that are aligned in their purpose to advance the Foundation's program focus areas;¹¹
- To make grants to various universities and colleges in the United States that qualify under Section 501(c)(3) of the Code that are actively and efficiently promoting agricultural programs that are for the benefit of the public or of wildlife or of animals.¹²

In addition, Special Allocation Grants will be monitored by the Foundation on an ongoing basis through visits, meetings, and written reports. The Foundation has in place an Audit Committee which assists the Board and the boards of each affiliated foundation in meeting its responsibilities for administration of the quality and integrity of the accounting, financial reporting, and auditing practices of the Foundation and affiliated foundations, including footnote disclosures and Internal Revenue Service ("IRS") compliance matters.¹³ The Audit Committee of the Board is tasked with investigating and acting on "employee complaints and concerns

⁸ DDCF, "At a Glance", at: <https://www.ddcf.org/globalassets/financials--governance/2020/ddcf-at-a-glance-as-of-12-31-19-final.pdf?id=6420>.

⁹ DDCF has provided a variety of internal documents for review. This material speaks to the grant-making process, and the Foundation's internal management processes, including the "Grant Process", the "Grant Approval Process", and the document "Financial Due Diligence in Grant making". Sustainalytics has reviewed and assessed this material to inform its opinion that key social risks are being mitigated.

¹⁰ IRS, "Exemption Requirements - 501(c)(3) Organizations", at: <https://www.irs.gov/charities-non-profits/charitable-organizations/exemption-requirements-501-c3-organizations>.

¹¹ "one of the following: (i) the assistance of actors, dancers, singers, musicians and other artists of the entertainment world to fulfill their ambitions and provide opportunities for public presentation of their arts and talents; (ii) the preservation of wildlife, both flora and fauna, in the United States and elsewhere, and the prevention of cruelty to children or to animals, (iii) the promotion of medical research designed to effectuate cures of major diseases such as cancer and heart disease, and other diseases, including sickle cell anemia, provided that no animals are used to conduct such research, (iv) the active and efficient promotion of anti-vivisection, or (v) the active and efficient promotion of ecological endeavors." See "By-Laws of Doris Duke Charitable Foundation, Inc. at: <https://www.ddcf.org/globalassets/financials--governance/2019/ddcf-inc.-bylaws--updated-05-14-18.pdf?id=6037>.

¹² DDCF, "By-Laws of Doris Duke Charitable Foundation, Inc. at: <https://www.ddcf.org/globalassets/financials--governance/2019/ddcf-inc.-bylaws--updated-05-14-18.pdf?id=6037>.

¹³ DDCF, "Audit Committee Charter", at: <https://www.ddcf.org/globalassets/financials--governance/2019/ddcf-inc.-audit-committee-charter-2018.pdf?id=6036>.

regarding questionable accounting, internal accounting controls and auditing matters, including those regarding the circumvention or attempted circumvention of internal accounting controls or that would otherwise constitute a violation of the foundation's accounting policies."¹⁴ The Foundation has in place a Whistleblower Policy, which delineates the responsibility of Foundation Persons to report "complaints or concerns about violations of the Foundation's policies or suspected violations of laws or regulations that govern the Foundation's operations" and offers protective measures for those that come forth.¹⁵

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Foundation 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 use of proceeds category is aligned with those recognized by the SBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

The importance of grant funding

With all sectors of the economy feeling the effects of the economic downturn caused by the control measures implemented to limit the spread of COVID-19,¹⁶ the non-profit sector is expected to be fundamentally upended and likely to receive diminished contributions. This situation has limited the ability of non-profits to continue operating and fundraising effectively with many philanthropic organizations facing funding challenges compounded by the expected global economy contraction of 4.9% in 2020.¹⁷ This economic hardship has been estimated by the International Monetary Fund ("IMF") to be worse than that of the 2008-09 global financial crisis.¹⁸ This will bring financial strain to many organizations that depend on philanthropic donations. In addition, current data suggests that the economic and health impacts are disproportionately affecting minorities in the U.S.,¹⁹ along with those in poor and marginalized communities due in part to (i) where they live, (ii) where they work, (iii) limited access to high-quality and affordable health services, and (v) limited savings and lack of access to insurance.²⁰

A survey of 880 non-profit organizations from 122 countries found that 94% of the organizations reported being negatively impacted by the coronavirus global pandemic. Almost 15% of respondent organizations were forced to suspend their operations since their activities cannot be carried out remotely, and more than 60% had to eliminate or suspend some of their regular programs and services. In addition, 70% of organizations surveyed reported a significant reduction in the contributions they receive.²¹ Overcoming these issues, along with other challenges such as broken supply chains and staffing disruptions, will have long term impacts on their ability to continue to support vulnerable populations. Furthermore, organizations were asked to estimate the impact on their bottom lines, with half of the respondents foreseeing a decline of more than 20% in contributions within the next 12 months, straining financial resources for many organizations with some potentially shutting their doors permanently as a result.²² DDCF's intention to issue Special Allocation Grants over and above the Foundation's normal grantmaking will support organization resiliency in the non-profit sector and strengthen key nonprofit organizations that are focused on reducing inequality and advance equitable recovery efforts.

¹⁴ DDCF, "Compliance Policy: Accounting Allegations" ,(2018), at: <https://www.ddcf.org/globalassets/financials-governance/2019/ddcf-inc.-compliance-policy-2018-final.pdf?id=6042>.

¹⁵ DDCF, "Whistleblower Policy", at: <https://www.ddcf.org/globalassets/financials-governance/2019/ddcf-inc.-whistleblower-policy-adopted-2018.pdf?id=6044>.

¹⁶ WHO, "WHO Director-General's opening remarks at the media briefing on COVID-19", (2020), at: <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19--11-march-2020>.

¹⁷ IMF, "World Economic Outlook Update, June 2020", at: <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>.

¹⁸ IMF, "An Early View of the Economic Impact of the Pandemic in 5 Charts", (April 2020), at: <https://blogs.imf.org/2020/04/06/an-early-view-of-the-economic-impact-of-the-pandemic-in-5-charts/>.

¹⁹ CDC, "Coronavirus Disease 2019: Racial & Minority Groups", (April 2020), at: <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/racial-ethnic-minorities.html>.

²⁰ World Bank, "COVID-19 will hit the poor hardest. Here's what we can do about it", (April 2020), at: <https://blogs.worldbank.org/voices/covid-19-will-hit-poor-hardest-heres-what-we-can-do-about-it>.

²¹ CAF Americas, "The Voice of Charities Facing Covid'19 Worldwide", Volume 2, (2020) at: https://www.cafamerica.org/wp-content/uploads/2_CV19_Report_VOL2.pdf.

²² CAF Americas, "The Voice of Charities Facing Covid'19 Worldwide", Volume 2, (2020) at: https://www.cafamerica.org/wp-content/uploads/2_CV19_Report_VOL2.pdf.

The Importance of supporting the Foundation’s program areas: medical research, the environment, and the performing arts

DDCF focus program areas have all been affected by the ongoing pandemic. Grant funding is of particular importance throughout research fields that lack the means to access finance and there has been a long-term trend of a “flattening of federal spending on basic research over the past decade.”²³ The National Science Foundation (“NSF”) notes a steady rise in spending on basic research by universities and private foundations, with a combined \$22 billion investment in 2015 representing a 25% share of the U.S. total, up from 21% in 2010 and 17% in 1995.²⁴ Medical research is one of the areas that is considered to be unfunded or underfunded,²⁵ and still, public and philanthropic funding organizations are the biggest contributors for all health research in high-income countries accounting for approximately 40%.²⁶ Funding issues have now been exacerbated by the global pandemic, and as labs across the globe are being closed down scientists are worried about the “effects of these shutdowns on their research and the future of science at large” and are calling for funders and institutions to increase their support for scientists and ensure the healthy future of research.²⁷

While countries around the world continue to focus on containing the spread of COVID-19, there has also been increased recognition on the importance of protecting the environment and in particular natural ecosystems that are intrinsically related to human and animal health. While the natural environment has been a source of medicines and antibiotics, most infectious diseases can also be attributed natural origins, with zoonotic diseases representing a significant threat to human health and with “vector-borne diseases accounting for approximately 17% of all infectious diseases.”²⁸ Activities which exacerbate climate change such as land clearing and habitat fragmentation, and habitat loss will also bring humans much closer to wildlife populations providing a catalyst for the spread of infectious disease.²⁹ Funding biodiversity protection through land conservation can have positive impacts both in terms of climate change adaptation and biodiversity conservation.

For the performing arts, there are the additional constraints due to social distancing measures and capacity limits that have been introduced to the physical spaces where artists generally perform and practice. A survey of national service organizations in the arts highlighted the challenge of developing plans on how operations should incorporate safe distancing methods. Some organizations highlighted the adoption of plans to go digital where possible. Respondents remain concerned about the long-term financial challenges that need to be considered when implementing these new measures.³⁰

The funding of the Special Allocation Grants which will be done over and above DDCF’s normal grant-making process and will serve to build resilience in the non-profit sector and stabilize and strengthen key nonprofit organizations that are essential at providing funding for medical research and art spaces to remain open and reduce funding inequality so that they are in a better position to influence an equitable recovery.

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 social bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to

²³ Science Magazine, “Data check: U.S. government share of basic research funding falls below 50%”, (2017), at: <https://www.sciencemag.org/news/2017/03/data-check-us-government-share-basic-research-funding-falls-below-50>.

²⁴ Science Magazine, “Data check: U.S. government share of basic research funding falls below 50%”, (2017), at: <https://www.sciencemag.org/news/2017/03/data-check-us-government-share-basic-research-funding-falls-below-50>.

²⁵ Gottlieb, Michael, et al., (2018), “Show Me the Money: Successfully Obtaining Grant Funding in Medical Education”. Western Journal of Emergency Medicine, at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6324695/pdf/wjem-20-71.pdf>.

²⁶ Vieregger, Roderik F., et al., “The 10 largest public and philanthropic funders of health research in the world: what they fund and how they distribute their funds”, BipoMed Central, (2016), at: <https://health-policy-systems.biomedcentral.com/articles/10.1186/s12961-015-0074-z>.

²⁷ Nature, “Safeguard research in the time of COVID-19” (2020), at: <https://www.nature.com/articles/s41591-020-0852-1>.

²⁸ IPBES, “Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services”, (2019), at: https://ipbes.net/sites/default/files/ipbes_7_10_add.1_en_1.pdf.

²⁹ IUCN, “Conserving Nature in a time of crisis: Protected Areas and COVID-19”, (2020), at: <https://www.iucn.org/news/world-commission-protected-areas/202005/conserving-nature-a-time-crisis-protected-areas-and-covid-19>.

³⁰ National Endowment of the Arts, “Results from a Survey of National Service Organizations”, at: <https://www.arts.gov/sites/default/files/NEA-NSO-Survey-Fact-Sheet-6-10-20-rev.pdf>.

Socioeconomic advancement and empowerment		safe, effective, quality and affordable essential medicines and vaccines for all
	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

Conclusion

The Doris Duke Charitable Foundation Inc., has developed the Social Bond Framework under which it will issue social bonds and use the proceeds to provide grant funding, over and above its normal grant-making, to organizations, projects and programmes that are aligned the Foundation's mission. Sustainalytics considers that the projects funded by the social bond proceeds will provide positive social impact.

The Social Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Social Bond Framework is aligned with the overall sustainability strategy of the company and that the social use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 3, 8 and 10. Additionally, Sustainalytics is of the opinion that Foundation has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that the Doris Duke Charitable Foundation, Inc., is well-positioned to issue social bonds and that the Social Bond Framework is robust, transparent, and in alignment with the core components of the Social Bond Principles 2020.

Appendix

Social Bond/ Social Bond Programme -External Review Form

Section 1. Basic Information

Issuer name: The Doris Duke Charitable Foundation, Inc.,

Social Bond ISIN or Issuer Social Bond Framework Name, if applicable: Social Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: July 8, 2020

Publication date of review publication:

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 SBPs:

- | | |
|--|--|
| <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 (please specify): | |

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds – socioeconomic advancement and empowerment – is aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that the eligible category will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 8 and 10.

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"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs | <input type="checkbox"/> Other (please specify): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Foundation's Board, leadership and program team will be in charge of selecting the recipients of the Special Allocation Grants. Prospective grantees will be evaluated to ensure they aligned with the Foundation's mission and that they comply with all legal requirements. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social 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 Social Bond proceeds | <input checked="" 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

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The Foundation's will track net proceeds of the social bonds through a register which will be updated on an ongoing basis. Pending allocation net proceeds will be invested as part of the Foundation's endowment. This is in line with market practice.

Tracking of proceeds:

- Social 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:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

DDCF intends to report allocation proceeds on its website on an annual basis until full allocation as consistent with the Foundation's current grant-making reporting. The reporting will include a summary of grants provided detailing grant amounts and duration, a description of the organization or project funded, region, and impact metrics such target populations, if applicable. Sustainalytics views the Foundation'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
- Social Bond financed share of total investment
- Other (please specify):

Frequency:

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

Impact reporting:

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

Information reported (expected or ex-post):

- Number of beneficiaries
- Target populations
- Other ESG indicators (*please specify*):

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 on its website in line with the Foundation's current reporting. A special Allocation Grants program summary will be made available on its website.
- 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.)

https://www.ddcf.org/grants/Grant-Recipients/

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 (please specify): | |

Review provider(s):
Date of publication:
ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

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

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Sustainalytics

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