

Equitable Holdings

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Introduction

In July 2021, Equitable Holdings, Inc. (“Equitable Holdings”) issued a sustainability bond (the “2021 Sustainability Bond”) through Equitable Financial Life Global Funding aimed at financing green and social projects. In July 2022, Equitable Holdings engaged Sustainalytics to review the projects funded through the 2021 Sustainability Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Equitable Holdings Sustainable Financing Framework (the “Framework”).¹

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the 2021 Sustainability Bond based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Example KPIs
Green Buildings	Investments related to real estate projects that have received or are expected to receive third-party sustainable certifications or verification, such as BREEAM Excellent Energy Star 85+, LEED Gold or Platinum, or equivalent certification. Investments may include: design, development, construction, maintenance, materials, and equipment and certification costs.	<ul style="list-style-type: none"> • Green building certifications • Total number of buildings certified • Total square feet certified • Percentage of overall company square feet certified
Renewable Energy	Investments related to the construction, development, acquisition, maintenance, and operation of renewable energy generation including the installation of renewable energy as well as investments that enable the installation and operation of renewable energy such as wind, solar, geothermal with direct emissions of less than 100g CO ₂ e/kWh, small-scale hydropower generation with a capacity of fewer than 20 megawatts and biomass that is derived from waste feedstock that is neither derived from sources of high biodiversity nor depletes carbon pools as well as investments in supporting	<ul style="list-style-type: none"> • Renewable energy capacity sourced and developed (MW) • Renewable energy procured and produced from the capacity above (MWh) • Emissions (including metric tons of CO₂e) avoided or reduced

¹ Equitable Holdings, “Equitable Holdings Sustainable Financing Framework”, at: https://s24.q4cdn.com/845726123/files/doc_downloads/2021/06/Equitable-Holdings-Sustainable-Financing-Framework_combined-FINAL.pdf

	infrastructure to facilitate renewable energy (e.g. grid resiliency projects, distributed networks, batteries/storage solutions) or decarbonizing solutions.	
Energy Efficiency	Investments related to energy efficiency projects and technologies that are designed to enable energy and emissions reductions, such as the installation of controls and energy monitoring equipment, heating, cooling and ventilation retrofits, lighting retrofits, smart thermostats, high performance insulation and the purchase of hardware certified to be energy efficient including Energy Star that aim to achieve a 30% increase in energy efficiency for spends associated with our own operations.	<ul style="list-style-type: none"> • Energy savings (e.g., MWh, GWh and GJ/TJ) • Emissions (including metric tons of CO₂e) avoided or reduced • Office energy consumption/square foot • Office energy consumption/employee • Data center Power Usage Effectiveness
Sustainable Water and Wastewater Management	Investments related to sustainable water management, such as water reuse and recycling, efficiency, conservation, restoration and water quality projects. Investments may include: wastewater recycling systems, low flow fixtures and appliances and water restoration projects.	<ul style="list-style-type: none"> • Volume of water consumption avoided or reduced • Volume of treated or recycled water • Volume of verified water restoration projects in high water stress regions • Verified water restoration as a percent of annual water consumption in high stress regions
Clean Transportation	Investments related to the design, production, development, acquisition, maintenance, and operation of electric vehicles and electric vehicle infrastructure including electric rail and electric buses.	<ul style="list-style-type: none"> • Commuter carbon emissions (including metric tons of CO₂e) avoided or reduced
Access to Essential Services – Healthcare	<p>Investments related to providing healthcare for underserved populations (see target population). Examples of expenditures may include hospital and medical center infrastructure and operation.</p> <p>Target Population would include Low and Moderate Income (“LMI”) geographies such as areas where households earn under 80% of the Area Median Income (“AMI”), persons with disabilities, underrepresented communities, rural communities.²</p>	<ul style="list-style-type: none"> • Number of people receiving healthcare support • USD amount equivalent of health services provided
Access to Essential Services – Education	<p>Investments related to providing education for underserved populations (see target population). Examples of expenditures may include infrastructure related to educational institutions such as dormitories or athletic facilities.</p> <p>Target Population would include youth and students focusing on those from under-represented communities, including the Black, Brown, and Latinx communities, persons with disabilities, rural populations</p>	<ul style="list-style-type: none"> • Number of students/youths receiving education support • USD amount of loans for students receiving education support

² Areas where the population size that adheres to the USDA Rural Development Standard of 50,000 or less; distance from metropolitan areas; federal agency funding flexibility; limitations in the range of economic activities supporting the local economy; and considerations of overall local resource availability

	and students from households who earn under 80% of the AMI.	
Affordable Housing	Investments related to affordable housing, including multi-family projects, where spends are associated with housing restricted to households who earn under 80% of the AMI and/or households who earn under 120% of the AMI for properties located in a high-cost area as defined by the U.S. Department of Housing and Urban Development. Additionally, this category will also include investments in other countries, such as the U.K. Social Housing Associations. ³	<ul style="list-style-type: none"> • Rental costs compared to the national/regional rent index • Participation (rate) of tenants • Share of under-served tenants • Number of dwellings

Issuing Entity’s Responsibility

Equitable Holdings is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Equitable Holdings’s Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Equitable Holdings employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Equitable Holdings with respect to the financed projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Equitable Holdings.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed investment projects, funded through proceeds of the 2021 Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework. Equitable Holdings has disclosed to Sustainalytics that the proceeds of the 2021 Sustainability Bond were fully allocated as of July 7, 2022.

³ Social and Affordable Housing as defined by rents charged in accordance with the relevant regulated rent standards and the regulated consumer standards of housing service. <https://www.housing.org.uk/about-housingassociations/what-housing-associations-do/>

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the 2021 Sustainability Bond to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria. ⁵	None
Reporting Criteria	Verification of the projects funded by the 2021 Sustainability Bond to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

⁵ Sustainalytics has not assessed the Use of Proceeds for its alignment with the Green Bond Principles, the Social Bond Principles, and the current market practice.

Appendix

Appendix 1: Allocation and Impact Reporting based on Eligibility Criteria^{6,7}

Use of Proceeds Categories ⁸	Use of Proceeds Criteria ⁹	KPIs ¹⁰	Total Allocations (USD – Mn) ¹¹
Green Buildings	Buildings with LEED Gold Certification	Total square feet certified: 433,237	90.9
	Buildings with LEED Gold Certification	Total square feet certified: 1,315,428	107.4
Renewable Energy	Wind, solar, and energy storage facilities	266,667 MWh ¹²	43.0
	Solar and renewable energy facilities	170 MWh	20.3
	Solar and battery energy storage systems	8,679 MWh	22.6
Energy Efficiency ¹³	Energy efficiency projects and technologies that are designed to enable energy and emissions reductions	4,012 MWh	41.0
	Energy efficiency projects and technologies that are designed to enable energy and emissions reductions	19,179 tCO ₂ e ¹⁴	12.9
	Energy efficiency projects and technologies that are designed to enable energy and emissions reductions, such as heating, cooling and ventilation retrofits, lighting retrofits	425 MWh	20.9
Sustainable Water and Wastewater Management	Water efficiency and conservation project	The Project is designed to deliver up to 53,000 acre-feet of water (one acre-foot equals about 326,000 gallons) annually to a city with water sourcing needs ¹⁵	23.0
	Investments related to providing healthcare in the US for the target populations defined in Table 1.	USD amount equivalent of health services provided: • Charity care: 45.2mm in 2021	32.0

⁶ As of July 7, 2022.

⁷ Equitable Holdings has communicated to Sustainalytics that for most project financing transactions, it has financed a proportion of the total project costs.

⁸ No proceeds were allocated under the “Clean Transportation” and the “Access to Essential Services – Education” categories.

⁹ Equitable Holdings has confirmed the alignment of the financed projects with the Use of Proceeds criteria defined in the Framework.

¹⁰ The KPI figures are annual (unless noted otherwise). The KPI figures for the Renewable Energy and Energy Efficiency assets are based on Equitable Holding’s share of the investment, while the KPI figures for the Green Buildings, Sustainable Water and Wastewater Management, Access to Essential Services – Healthcare and Affordable Housing assets are for the total projects.

¹¹ Equitable Holdings has confirmed to Sustainalytics that the projects refinanced through the bond proceeds align with the 36-month lookback period defined in the Framework.

¹² Projected capacity estimated over the term of more than 20 years.

¹³ Equitable Holdings has confirmed that the financed systems or projects are more energy efficient than their existing/conventional counterparts.

¹⁴ Projected savings over a 15-year project term.

¹⁵ Projected water delivery over a 30-year agreement period.

Access to Essential Services – Healthcare ^{16,17}		<ul style="list-style-type: none"> Community benefit: 39mm in 2021 	
	Investments related to providing healthcare in the US for the target populations defined in Table 1.	USD amount equivalent of health services provided: <ul style="list-style-type: none"> Charity care: USD 11.7mm in FYE¹⁸ 6/30/21 Community benefit: USD 27.1mm in FYE 6/30/21 	32.0
	Investments related to providing healthcare in the US for the target populations defined in Table 1.	USD amount equivalent of health services provided: <ul style="list-style-type: none"> Charity care: USD 26.2mm in FYE 9/30/21 Community benefit: USD 1.8mm in FYE 9/30/21 	20.0
Affordable Housing	Investments related to multi-family projects, where spends are associated with housing restricted to target populations defined in Table 1 and shared ownership per the UK Social Housing Associations requirements.	Rent cost compared to regional rent index: <ul style="list-style-type: none"> On average, the development's housing is 40% less than rents in its region. Number of underserved tenants: 20,000 Number of dwellings: 8,800	34.0
Bond proceeds raised (USD – Mn)			500
Total allocation of bond proceeds (USD – Mn)			500
Balance of unallocated net proceeds (USD – Mn)			0
Total percentage of bond allocation (%)			100%

¹⁶ Healthcare KPIs are sourced from the recent available annual data.

¹⁷ Equitable Holdings has communicated to Sustainalytics that in addition to the private placement, other sources of funding also assisted the clinics in reaching the noted KPIs.

¹⁸ Fiscal Year-End (FYE) refers to the completion of a 12-month accounting period.

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