

# EUROFIMA GREEN BOND FRAMEWORK

**SECOND OPINION BY SUSTAINALYTICS**

**8 November 2017**

# TABLE OF CONTENTS

- 1. Introduction** **2**
  
- 2. Sustainalytics’ Opinion** **3**
  - Section 1: Sustainalytics’ Opinion on the EUROFIMA Green Bond Framework 3
  - Section 2: Assessment of EUROFIMA’s sustainability strategy 4
  - Section 3: Impact of Use of Proceeds 5
  - Conclusion 7
  
- APPENDICES** **8**
  - Appendix 1: Green Bond Programme External Review Form 8
  
- SUSTAINALYTICS** **14**

## 1. INTRODUCTION

The European Company for the Financing of Railroad Rolling Stock ('EUROFIMA') is a supranational organization whose mission is to support the development of rail transportation in Europe by supporting the railways operators, which are also its shareholders, in renewing and modernizing their rolling stock. The company finances equipment in various European countries with most of its lending contracts to date being in Switzerland (20.4%), Belgium (18.2%), and Italy (16.3%).<sup>1</sup> EUROFIMA is located in Basel, Switzerland.

EUROFIMA has developed a Green Bond Framework<sup>2</sup> in accordance with which it intends to issue green bonds. Proceeds of the bonds will be used to finance expenditures (i.e. 'Eligible Green Assets') related to:

- (i) purchase of newly manufactured rolling stock,
- (ii) financing of existing rolling stock equipment, and
- (iii) modernization of existing rolling stock to improve its environmental performance.

Such equipment can be electric locomotives, electric multiple units, and railroad passenger carriages.

EUROFIMA has engaged Sustainalytics to provide a second opinion on its Green Bond Framework and on the framework's environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of EUROFIMA's Treasury and Management teams to understand the sustainability impact of their activities, and the planned use of proceeds, management of proceeds and reporting aspects of EUROFIMA's Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information. Following this engagement between EUROFIMA and Sustainalytics, some elements of the Green Bond Framework were clarified to ensure an alignment with the level of disclosure expected by the Green Bond Principles.<sup>3</sup>

This document contains Sustainalytics' opinion on the EUROFIMA Green Bond Framework and should be read in conjunction with that framework.

<sup>1</sup> Information as of December 31<sup>st</sup>, 2016. <http://www.EUROFIMA.org/en/lending/projects/>

<sup>2</sup> EUROFIMA Green Bond Framework is available at: <http://www.eurofima.org/en/investors/green-bonds/>

<sup>3</sup> "The Green Bond Principles 2017", dated 2 June 2017, issued by the International Capital Market Association (ICMA)

## 2. SUSTAINALYTICS' OPINION

### Section 1: Sustainalytics' Opinion on the EUROFIMA Green Bond Framework

Overall, Sustainalytics is of the opinion that the EUROFIMA Green Bond Framework is transparent and robust and aligns with the Green Bond Principles. Some of the key considerations in Sustainalytics' assessment are:

- Clean Transportation, specifically electric passenger rail transportation, is recognized by the Green Bond Principles as a project category with clear environmental benefits, and Sustainalytics views such investments as having a positive impact (for additional information on impact see Section 3).
- The project selection and evaluation process is thorough and transparent, ensuring that selected assets comply with the eligibility criteria. The Capital Markets Department supported by the Rolling Stock Manager, will be responsible for the identification of the Eligible Green Assets, while final approval will be the responsibility of EUROFIMA's Management Committee (which includes the company's CEO and CFO). Given C-level involvement in project approval, Sustainalytics views this as a market best practice.
- EUROFIMA's disclosure and processes with respect to management of proceeds are in line with market practice. EUROFIMA's asset and liability management operates on a back-to-back structure, i.e. micro-matching of bonds with the respective lending to the railways. This process, which also applies to the green bond proceeds, will be periodically reviewed by external auditing. Specific information regarding allocation of the green bond proceeds will be attested by EUROFIMA's Management.
- EUROFIMA will publish yearly Green Bond Reports until full allocation of proceeds. Allocation reporting will be very detailed, identifying each individual asset financed, and clustering the information according to the eligibility criteria. Current book value of the financed assets will be used (which is a best practice). Sustainalytics recommends that EUROFIMA strive to obtain external assurance of the information disclosed on allocation of proceeds (allocation reporting).
- EUROFIMA has a strong commitment to impact reporting, communicating both estimated environmental benefits of the assets financed (CO<sub>2</sub> emissions and energy consumption per passenger/Km), as well as summary of the environmental performance of the stakeholders receiving financing (e.g. railway overall increase in the use of renewable energy). This is in line with market best practice.

#### Alignment with Green Bond Principles 2017

Sustainalytics has determined that the EUROFIMA Green Bond Framework aligns to the four pillars of the Green Bond Principles 2017. For detailed information please refer to Appendix B: Green Bond Programme External Review Form.

## Section 2: Assessment of EUROFIMA's sustainability strategy

### **Contribution of green bonds to EUROFIMA's mandate**

EUROFIMA states that promoting sustainability is at the core of its public mission.<sup>4</sup> EUROFIMA's mission is to support the development of rail transportation in Europe by supporting railways operators, which are also its shareholders, in renewing and modernizing their rolling stock. As such, EUROFIMA's investments allow European railway operators to comply with the International Union of Railways Declaration on Sustainable Mobility and Transport.<sup>5</sup>

Additionally, EUROFIMA has developed internal measures that ensure its business practices are aligned with its commitment to a low-carbon future and social integration. According to Sustainalytics ESG assessment, the company addresses the three key ESG issues that are the most relevant for transport equipment financing companies: business ethics, responsible finance and human capital.

Furthermore, EUROFIMA includes environmental impact considerations in its credit review process to encourage the increasing focus on optimizing environmental aspects of future projects. Consequently, EUROFIMA has been financing mostly electric rolling stock equipment. In 2016 the company financed 637 electric multiple units, 49 electric locomotives and 158 coaches,<sup>6</sup> confirming the company's commitment to a low-carbon future.

Given the information above, Sustainalytics is of the opinion that issuing green bonds will positively contribute to advancing EUROFIMA's mission to support railway operators and promote sustainability.

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

As noted above, EUROFIMA includes environmental impact considerations of the financed assets in its credit review process. Sustainalytics views this as a positive measure to mitigate environmental risks while encouraging investments in assets with a positive environmental impact. Additionally, proceeds of the green bonds will only finance electric vehicles. Furthermore, the company complies with the Europe's strong regulatory framework on this matter and supports environmental agreements such as the 2050 Target and Vision developed by CER (Community of European Railways) to reduce the environmental impact of transportation.

Given the contribution of the EUROFIMA Green Bonds to the company's mandate and EUROFIMA's processes to address environmental risks associated with the financing of rolling stock equipment, Sustainalytics is of the opinion that the company is well positioned to issue a green bond.

<sup>4</sup> EUROFIMA Green Bond Framework is available at: <http://www.eurofima.org/en/investors/green-bonds/>

<sup>5</sup> Described as 'the railway sector's commitment to sustainable development', the declaration sets the vision for sustainable development and asks UIC members to make a public declaration and provide regular progress report on eighteen commitments to reduce environmental impacts and improve service to customers and society.  
<https://sustainabledevelopment.un.org/content/documents/3755caven.pdf>

<sup>6</sup> EUROFIMA <http://www.EUROFIMA.org/en/lending/sustainability/>

## Section 3: Impact of Use of Proceeds

### Impact of electric rail transit on reducing greenhouse gas emissions in Europe

Advancing rail transportation is closely related to reducing greenhouse gas (GHG) emissions and achieving climate targets. According to the European Commission, the transport sector is, after the energy sector, the biggest emitter of greenhouse gases, accounting for around a quarter of the EU's emissions. As such, in the "Roadmap to a Single European Transport Area" the European Commission has set EU-wide GHG emission reduction targets for the transportation sector.<sup>7</sup> The Roadmap envisages a reduction of emissions from the transport sector of at least 60% by 2050 (with respect to 1990 levels), and an interim target for 2030, aiming at reducing GHG emissions to around 20% below 2008 levels. The Commission aspires to meet these targets by prioritizing modes of transportation that can easily carry large numbers of passengers, such as prioritizing rail transport over car transport. Furthermore, the Roadmap envisages that the existing rail network in Europe will be tripled in length by 2030, with the intention of ensuring that the majority of medium-distance passenger travel is done via rail transport by 2050. Given this context, Sustainalytics is confident that EUROFIMA's green bonds will positively contribute to the availability of electric rail transportation, and to achieving the vision defined in the Commission's Roadmap.

On a local level, EUROFIMA will contribute to the reduction targets set by individual European countries. As of December 2016, most of EUROFIMA's outstanding financing of electric locomotives and trains was focused in Italy.<sup>8</sup> Italy targets a 13% greenhouse gas emission reduction level by 2020 (baseline 2005) and a 33% reduction by 2030.<sup>9</sup> By financing electric passenger transport in Italy, EUROFIMA is also contributing to these targets.

### Positive environmental performance of electric rail transportation in comparison with other transportation alternatives

Sustainalytics is confident that electric rolling stock has a better environmental performance than other transportation options due to three main factors:

- Firstly, the greenhouse gas emissions from rail transport are 85 percent lower than the average emissions from road and air transport,<sup>10</sup> therefore contributing to greenhouse gas reduction targets. The rail transport sector accounts for only 2 percent of the energy consumed by the transport sector, meaning it is highly energy efficient compared to the 82 percent of the energy consumed by road transportation. Also, modern electric trains consume 85 percent less energy than an airplane per passenger/km.
- Secondly, financing electric rolling stock, as opposed to diesel fuelled trains, further reduces emissions as electric rolling stock is more energy efficient. While direct comparisons are difficult, in Europe, typically an electric train emits between 20% and 35% less carbon per passenger mile

<sup>7</sup> Roadmap to a Single European Transport Area. 2011 White Paper. Accessed September 9, 2016: <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52011DC0144>

<sup>8</sup> EUROFIMA <http://www.EUROFIMA.org/en/lending/projects/>

<sup>9</sup> <https://www.c2es.org/international/history-international-negotiations/2020-targets>; <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52016PC0482>

<sup>10</sup> EUROFIMA <http://www.EUROFIMA.org/en/lending/sustainability/>

than a diesel train, depending on the energy-mix supplied to the local network.<sup>11</sup> Electric trains also have zero emissions at the point of use, which has a positive impact in the air quality around mainline stations.

- Thirdly, the power used for electric railway transportation can be sourced from renewable sources, which would reduce greenhouse gas emissions even further.<sup>12</sup> Therefore, as renewable energy supply increases in Europe, increasing the amount of electric rolling stock equipment may significantly reduce European greenhouse gas emissions, contributing to the 2020 sustainability targets for Europe outlined by the COP21 agreement.

In addition to the environmental benefits, the rail transportation sector delivers social benefits such as social cohesion, labour mobility and social integration in Europe. Furthermore, rail transport represents, in terms of fatalities, one of the safest modes of transport.

In conclusion, in Sustainalytics view, the use of proceeds of EUROFIMA’s green bonds will render clear environmental benefits, contributing to both European and local greenhouse gas reduction targets and to a less polluting transportation sector, as electric rail is one of the most energy efficient transportation options. Additionally, railway transportation is also considered to deliver the social benefits noted above.

**Contribution to the Sustainable Development Goals**

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. In Sustainalytics’ view, EUROFIMA’s Green Bond Framework advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Electric rolling stock equipment	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure (9.1.2 passenger transport), including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies.

<sup>11</sup> <https://ora.ox.ac.uk/objects/uuid:cd7d3eb7-e57c-427d-9ec6.../ATTACHMENT03>  
<https://www.theguardian.com/environment/blog/2012/jul/16/electric-trains-diesel-green-carbon>  
<sup>12</sup> UIC Railway Handbook [http://uic.org/IMG/pdf/2014\\_uic-iea\\_railway\\_handbook\\_web\\_low.pdf](http://uic.org/IMG/pdf/2014_uic-iea_railway_handbook_web_low.pdf)

## Conclusion

EUROFIMA has developed a Green Bond Framework in accordance with which it intends to issue green bonds. Proceeds of the bonds will be used to finance expenditures (i.e. Eligible Green Assets) related to (i) purchase of newly manufactured rolling stock, (ii) financing of existing rolling stock equipment and (iii) modernization of existing rolling stock to improve its environmental performance. Such equipment can be electric locomotives, electric multiple units, and railroad passenger carriages.

Sustainalytics is of the opinion that the Eligible Green Assets are recognized by the Green Bond Principles as having clear environmental benefits, and will positively contribute to advancing EUROFIMA's mission to support railway operators improving environmental performance and promote sustainability in the transportation sector in Europe. Specifically, the use of proceeds of EUROFIMA's Green Bond will render clear environmental benefits, contributing to both European and local greenhouse gas reduction targets and to a less polluting transportation sector, as electric rail is one of the most energy efficient transportation options. Additionally, in Sustainalytics' view, railway transportation is also considered to deliver social benefits and advance SDGs 9 and 11.

Overall, EUROFIMA's Green Bond Framework also displays best practices in (i) project selection with C-level involvement in the final approval of Eligible Green Assets, (ii) back-to-back funding structure and (iii) commitment to impact reporting. Sustainalytics recommends that EUROFIMA strive to obtain external assurance of the information disclosed on allocation of proceeds (allocation reporting).

Based on the above, Sustainalytics is confident that EUROFIMA is well positioned to issue Green Bonds and that the EUROFIMA Green Bond Framework is transparent, robust, and it aligns with the four pillars of the Green Bond Principles.

## APPENDICES

### Appendix 1: Green Bond Programme External Review Form

#### Green Bond Programme External Review Form

##### Section 1. Basic Information

**Issuer name:** EUROFIMA - European Company for the Financing of Railroad Rolling Stock

**Green Bond ISIN or Issuer Green Bond Framework Name:** EUROFIMA Green Bond Framework

**Review provider's name:** Sustainalytics

**Completion date of this form:** 8 November 2017

**Publication date of review publication:** 8 November 2017

##### Section 2. Review overview

###### SCOPE OF 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 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

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

Please refer to the EUROFIMA Green Bond Framework, available at <http://www.eurofima.org/en/investors/green-bonds/> and Second Opinion Document above.

### Section 3. Detailed review

#### 1. USE OF PROCEEDS

**Overall comment on section (if applicable):**  
Proceeds of the green bonds will be used to finance expenditures (i.e. Eligible Green Assets) related to (i) purchase of newly manufactured rolling stock, (ii) financing of existing rolling stock equipment and (iii) modernization of existing rolling stock to improve its environmental performance. Such equipment can be electric locomotives, electric multiple units, and railroad passenger carriages.

Sustainalytics is of the opinion that the Eligible Green Assets are recognized by the Green Bond Principles as having clear environmental benefits, and will positively contribute to advancing EUROFIMA’s mission to support railway operators improving their environmental performance, and promote sustainability in the transportation sector in Europe. Specifically, the use of proceeds of EUROFIMA’s Green Bond will render clear environmental benefits, contributing to both European and local greenhouse gas reduction targets and to a less polluting transportation sector, as electric rail is one of the most energy efficient transportation options. Additionally, in Sustainalytics’ view, railway transportation is also considered to deliver social benefits and advance SDGs 9 and 11.

**Use of proceeds categories as per GBP:**

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

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

### Overall comment on section (if applicable):

The project selection and evaluation process is thorough and transparent, ensuring that selected assets comply with the eligibility criteria. The Capital Markets Department supported by the Rolling Stock Manager, will be responsible for the identification of the Eligible Green Assets, while final approval will be the responsibility of EUROFIMA's Management Committee (which includes the company's CEO and CFO). Given C-level involvement in project approval, Sustainalytics views this as a market best practice.

Furthermore, given that EUROFIMA includes environmental impact considerations of the financed assets in its credit review process, Sustainalytics views this as a positive measure to mitigate environmental risks while encouraging investments in assets with a positive environmental impact.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

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

## 3. MANAGEMENT OF PROCEEDS

### Overall comment on section (if applicable):

EUROFIMA's disclosure and processes with respect to management of proceeds are in line with market practice. EUROFIMA's asset and liability management operates on a back-to-back structure, i.e. micro-matching of bonds with the respective lending to the railways. This process, which also applies to the green bond proceeds, will be periodically reviewed by external auditing. Specific information regarding allocation of the green bond proceeds will be attested by EUROFIMA's Management.

### Tracking of proceeds:

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

**Additional disclosure:**

- |  |   |
|--|---|
| <input type="checkbox"/> Allocations to future investments only                  | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                  | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input 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):**

*Allocation reporting*

EUROFIMA will publish yearly Green Bond Reports until full allocation of proceeds. Allocation reporting will be very detailed, identifying each individual asset financed, and clustering the information according to the eligibility criteria. Current book value of the financed assets will be used (which is a best practice). Sustainalytics recommends that EUROFIMA strive to obtain external assurance of the information disclosed on allocation of proceeds (allocation reporting).

*Impact reporting*

EUROFIMA has a strong commitment to impact reporting, communicating both estimated environmental benefits of the assets financed (CO<sub>2</sub> emissions and energy consumption per passenger/Km), as well as summary of the environmental performance of the stakeholders receiving financing (e.g. railway overall increase in the use of renewable energy). This is in line with market best practice

**Use of proceeds reporting:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis     |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ): |

**Information reported:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts     | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |  |

**Frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

**Frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Information reported (expected or ex-post):**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings              | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Other ESG indicators ( <i>please specify</i> ): |   |

**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 ( <i>please specify</i> ): <i>Green Bond Report</i> |
| <input type="checkbox"/> Reporting reviewed ( <i>if yes, please specify which parts of the reporting are subject to external review</i> ): |   |

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.*)

<http://www.eurofima.org/en/investors/green-bonds/>

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

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

**Review provider(s):**

**Date of publication:**

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

- (i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall

into this category.

- (ii) **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

#### **Disclaimer**

*All rights reserved. No part of this second party opinion (the "Opinion") may be reproduced, transmitted or published in any form or by any means without the prior written permission of Sustainalytics.*

*The Opinion was drawn up with the aim to explain why the analyzed bond is considered sustainable and responsible. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.*

*As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.*

*Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds' use of proceeds.*

*The client is fully responsible for certifying and ensuring its commitments' compliance, implementation and monitoring.*

# SUSTAINALYTICS

Sustainalytics is an independent ESG and corporate governance research, ratings and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, Sustainalytics partners with institutional investors who integrate environmental, social and governance information and assessments into their investment processes. Today, the firm has more than 300 staff members, including 170 analysts with varied multidisciplinary expertise of more than 40 sectors. Through the IRRI survey, investors selected Sustainalytics as the best independent responsible investment research firm for three consecutive years, 2012 through 2014 and in 2015, Sustainalytics was named among the top three firms for both ESG and Corporate Governance research. The firm was also named the Best SRI or Green Bond Research Firm by Global Capital in 2015, and Best Second Opinion Provider in 2017. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

