

# Second-Party Opinion

## Goldman Sachs Sustainability Issuance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Goldman Sachs Sustainability Issuance Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines 2018. This assessment is based on the following:



**USE OF PROCEEDS** The green and social categories eligible for the use of proceeds – (i) Clean Energy, (ii) Sustainable Transport, (iii), Sustainable Food and Agriculture, (iv) Waste and Materials, (v) Ecosystem Services, (vi) Accessible and Innovative Healthcare, (vii) Financial Inclusion, (viii) Accessible and Affordable Education, and (ix) Communities – are aligned with those recognized by the Green Bond Principles and the Social Bond Principles, respectively. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 7, 10, 11, 12, 14 and 15.



**PROJECT EVALUATION / SELECTION** Goldman Sachs’ Sustainable Asset Working Group (“SAWG”), comprised of representatives from the Sustainable Finance Group, Investor Relations, Corporate Treasury, Legal and Controllers, will review project and asset compliance with the Framework’s eligibility criteria. Sustainalytics considers the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Goldman Sachs’ Corporate Treasury team will be in charge of tracking an equivalent amount of proceeds from green, social and/or sustainability issuances via a separate ledger. Pending allocation, proceeds will be held in the Bank’s general liquidity pool. This is in line with market practice.



**REPORTING** Goldman Sachs intends to publish reports on its website within a year of each green, social and/or sustainability issuance and until full allocation. The reports will include a brief description of categories of assets to which proceeds have been allocated, total amount allocated to eligible assets, and unallocated amounts if any. Impact reporting will include expected and realized qualitative and, where feasible quantitative environmental and social impacts. Sustainalytics views the Bank’s allocation and impact reporting as aligned with market practice.

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## Introduction

Goldman Sachs Group, Inc. (“Goldman Sachs”, the “Bank”, or the “Issuer”), together with its subsidiaries, is a global investment bank, securities and investment management firm that provides a wide range of financial services. Goldman Sachs’ client base includes corporations, financial institutions, government and individuals. The Bank was founded in 1869 and it is headquartered in New York, USA.

Goldman Sachs has developed the Goldman Sachs Sustainability Issuance Framework (the “Framework”) under which it intends to do programmatic issuance of green, social, or sustainable liability issuances (including bonds, notes, warrants, and certificates of deposits) to finance and/or refinance loans and investments, in whole or in part, that advance climate transition and inclusive growth.

The Framework defines eligible green categories in the following five areas:

1. Clean Energy
2. Sustainable Transport
3. Sustainable Food and Agriculture
4. Waste and Materials
5. Ecosystem Services

Additionally, the Framework defines social categories in the following four areas:

1. Accessible and Innovative Healthcare
2. Financial Inclusion
3. Accessible and Affordable Education
4. Communities

Goldman Sachs engaged Sustainalytics to review the Goldman Sachs Sustainability Issuance Framework received on February 2021, and provide a second-party opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2018 (“SBG”).<sup>1</sup> The review of alignment with the Green Bond Principles 2018 (“GBP”), Social Bond Principles 2020 (“SBP”), and SBG covers only the Framework as it applies to bonds, notes or warrants, explicitly excluding deposit-type products. This Framework has been published in a separate document.<sup>2</sup>

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

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

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

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, 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 1.6, 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 Goldman Sachs’ 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. Goldman Sachs representatives have confirmed (1) they understand it is the sole responsibility of Goldman Sachs to ensure

<sup>1</sup> The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>.

<sup>2</sup> The Goldman Sachs Sustainability Issuance Framework is available on Goldman Sachs’ website at: <https://www.goldmansachs.com/investor-relations/creditor-information/index.html>.

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

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 Goldman Sachs.

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

In addition, the Second-Party Opinion opines on the 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 Goldman Sachs has made available to Sustainalytics for the purpose of this SPO.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Goldman Sachs Sustainability Issuance Framework

#### Summary

Sustainalytics is of the opinion that the Goldman Sachs Sustainability Issuance Framework is credible and impactful, and aligns with the four core components of the GBP and the SBP. While the Framework also refers to a variety of fixed income instruments, Sustainalytics' opinion only refers to bonds, notes or warrants issued under the Framework. Sustainalytics highlights the following elements of Goldman Sachs' Sustainability Issuance Framework:

- Use of Proceeds:
  - Goldman Sachs' five green categories are aligned with those recognized by the GBP and the four social categories are aligned with those recognized by the SBP.
  - For the "Clean Energy" category, the Framework defines eligible projects that will reduce the net emission of carbon from energy generation and activities that reduce energy consumption.
    - For green buildings the Bank will use credible third-party certification systems such as LEED ("Gold" or above) and BREEAM ("Very good" or above). Sustainalytics considers the referenced certification standards as being credible and the selected levels as being aligned with market practice and having a positive impact (see Appendix 1 for additional details on the certification schemes).
    - For renewable energy Sustainalytics notes positively the inclusion of the following thresholds: small or run-of-river hydropower generation will be below 30 megawatts in capacity and bioenergy power generation will use exclusively feedstocks sourced from waste products or with an intensity emissions intensity of lower than 100g CO<sub>2</sub>e/kWh.
    - Sustainalytics notes positively that the Framework defines example asset classes such as LED lighting and HVAC systems, which are considered to be aligned with market expectations.
    - The Framework also allows for the financing of investments intended to improve the efficiency of the electrical grid and support the use of renewable energy, including advanced metering, renewable energy connections, energy storage, and smart grid

- infrastructure; Sustainalytics considers the financing of these assets to be aligned with market practice.
- For the “Sustainable Transport” category, the Framework allows projects that will reduce fossil fuel consumption, develop or improve public transportation systems, and reduce overall emissions per passenger. This may include zero-emissions vehicles and associated infrastructure, low-carbon public transportation, and infrastructure for active mobility or high-occupancy private vehicles.
    - For public transport Sustainalytics considers “low carbon” to mean having an emissions intensity in carbon emissions per passenger-mile in line with a transition to net zero.<sup>4</sup>
    - For high-occupancy lanes, Sustainalytics encourages Goldman Sachs to select projects which are likely to deliver an overall emissions efficiency in line with the threshold for public transit, while noting transition benefits of low-cost short-term implementations of HOV lanes.
  - For the “Sustainable Food and Agriculture” category, the Framework defines eligible agricultural or aquaculture activities as facilities that are compliant with green or sustainable certification schemes and projects that promote water management practices including drip irrigation, irrigation scheduling and storage, or that generally improve the productivity of agricultural efficiency and allow the reduction in energy and chemical inputs.
    - Sustainalytics notes positively the use of the Fairtrade,<sup>5</sup> Marine Stewardship Council, and organic standards including USDA Organic, EU Organic, Australia Certified Organic, and Canada Organic, which it considers to be aligned with market practice. Refer to Appendix 2 for further overview of these schemes.
    - While recognizing the broad nature of investments that may be eligible under the criterion of “precision and regenerative agriculture solutions”, Sustainalytics views positively the Bank’s expressed intention to prioritize financing which results in quantitative reductions in inputs per unit of yield.
    - Sustainalytics notes that the production of beef is an emissions-intensive activity, and that financing of such projects, even when certified, is not viewed by Sustainalytics as aligned with green bond market practice. However, Goldman Sachs has communicated that its intention is not to finance this class of activities.
  - For the “Waste and Materials” category, the Framework allows for the financing of activities which reduce/reuse waste and which increase resource efficiency and the use of sustainable materials in industrial and manufacturing processes.
    - Waste management projects, with a focus of reuse, repurposing, and recycling in line with the waste hierarchy, are aligned with market expectations.
    - Sustainalytics highlights positively that the criteria for industrial efficiency encourage the use of waste heat and demand response, explicitly excluding technologies primarily driven by fossil fuels.
    - The Framework considers carbon capture, utilization, and storage (“CCUS”) projects to be eligible under this category. Sustainalytics considers CCUS in many contexts to be a transition activity, while noting positively the exclusion its application to fossil fuel activities.
    - The Framework allows for the financing of both R&D and production/procurement of sustainable materials. Sustainalytics views positively ongoing research in this area, and notes that the environmental impact of the use of sustainable materials is highly context-dependent, and in some cases may be viewed as a transition activity rather than a green activity. Sustainalytics highlights that the Framework describes as sustainable materials that “do not pose significant waste management challenges” and that are not used in “carbon intensive industrial processes”, and that Goldman Sachs has disclosed examples of some of the types of materials it may include; these

<sup>4</sup> Taking guidance from the Climate Bonds Initiative and the EU Sustainable Finance Technical Expert Group, Sustainalytics views an appropriate threshold to be in the area of 50-75 gCO<sub>2</sub>/passenger km.

<sup>5</sup> Sustainalytics notes that the Fairtrade standard focuses primarily on social standards and outcomes. Sustainalytics considers its use in the context of a Sustainability Framework to be aligned with market practice.

factors provide reassurance that the activities financed are aligned with the intent of the Framework.

- For the “Ecosystem Services” category, the Framework includes activities that promote water conservation, promote greater biodiversity and reduce net carbon emissions of ecosystems. Sustainalytics notes positively the inclusion of FSC, PEFC, and SFI certifications for any large-scale forestry projects. Please see Appendix 3 for a summary of these certification schemes.
- For the four social categories, Sustainalytics notes that the Framework allows for the financing or refinancing of loans and investments made for eligible projects that benefit identified target populations such as, but not limited to, low- and moderate-income individuals;<sup>6</sup> vulnerable, excluded or marginalized populations; unemployed/underemployed; under-banked or underserved micro-, small- and medium-size businesses (“MSMBs”);<sup>7</sup> and businesses owned, managed or controlled by vulnerable, excluded and/or marginalized populations. Sustainalytics views this targeting as aligned with market practice, and notes that Goldman Sachs has disclosed to Sustainalytics internal documents which further elaborate on the process by which the Bank identifies vulnerable groups in the context of its socially impactful financing.
- For the “Accessible and Innovative Healthcare” category, the Framework allows for activities that provide free or low-cost healthcare. The Bank intends to finance activities such as, but not limited to, efforts to address global pandemics, treatments for rare or infectious diseases, development of digital health technologies, medical training and vaccine development. Sustainalytics considers the provision of low-cost and accessible healthcare services to have a significant positive social benefit to society.
  - The Framework states that the anticipated positive outcomes are intended to accrue “especially but not exclusively for a target population(s)”. While market practice for social bonds is generally intended to increase access for target populations, Sustainalytics notes the anticipated positive outcomes of these projects, which may include lowering the cost, increasing access for patients, and improving overall health, while benefiting both the specific groups listed in the Framework as well as the population more broadly.
- For the “Financial Inclusion” category, the Framework allows activities that expand access to low-cost credit, affordable financial services, and education on consumer finance and business management skills. Considering the Framework’s overarching identification of target populations, Sustainalytics considers the outlined areas to provide important social benefits.
  - Sustainalytics recognizes that the SBP prefer project-based lending and financing, and that there is, in general, less transparency with non-project-based lending. While lending to MSMBs allows for the inclusion of non-project-based lending, Sustainalytics considers that the lending contemplated by the Framework will have social benefits due to the markets targeted.
  - Goldman Sachs’ small business lending under the Framework is specifically targeted to businesses that are underserved or underbanked. Sustainalytics notes that this financing is primarily offered through partnerships with Community Development Financial Institutions (“CDFIs”), which generally have a mission of serving marginalized individuals and organizations, or as part of the Bank’s Urban Investment Group, which is devoted to deploying capital to support the revitalization and economic development of communities. This factor is considered to bolster the social credentials of the financing provided in this category.
  - Goldman Sachs has disclosed that it may consider direct consumer lending to be eligible within this category, as it advances access to affordable financial services for targeted populations. Sustainalytics highlights the importance of well-defined target populations and strict protections against predatory lending or over-indebtedness for financially vulnerable individuals. Based on the information provided by Goldman Sachs, Sustainalytics views the intended activities to be in line with these principles.

<sup>6</sup> In the U.S., low, moderate income individuals are defined as those earning 80% of the area median income (“AMI”).

<sup>7</sup> Goldman Sachs has communicated to Sustainalytics their approach to assessing target populations which are based in part on regional regulatory definitions such as the definition of MSMBs which is consistent with those set by the U.S. Small Business Administration (“SBA”) or other national equivalents. At: <https://www.sba.gov/document/support-table-size-standards>.

- For the “Accessible and Affordable Education” category, the Framework defines eligible projects such as those that expand access to low-cost or free education and increase the inclusion of women and/or underrepresented groups in education. Based on the Framework’s focus on increased access, as well as the overarching target populations, Sustainalytics views these activities as having positive social impacts.
- For the “Communities” category, the Framework includes activities that increase the supply of affordable housing,<sup>8</sup> job creation and retention, and community infrastructure such as telecom, recreational, cultural, and basic services. Sustainalytics views positively the intended impacts of these investments, noting that by targeting disadvantaged neighborhoods, communities, or areas that these investments are likely to deliver overall social benefits.
- Goldman Sachs has provided a list of activities excluded from its green and social issuances. Sustainalytics views the exclusion of activities which have potential negative environmental or social impacts to further strengthen Goldman Sachs’ Framework.
- Project Evaluation and Selection:
  - Goldman Sachs has established a Sustainable Assets Work Group (“SAWG”) to review green and social projects and assess compliance with the Framework. The SAWG includes representatives from a variety of relevant internal stakeholders, including Sustainable Finance Treasury, and Investor Relations.
  - Based on this governance structure with cross-divisional membership, Sustainalytics considers Goldman Sachs’ project evaluation and selection process to be in line with market practice.
- Management of Proceeds:
  - Goldman Sachs’ Corporate Treasury team will be responsible for tracking and managing proceeds from each issuance. The equivalent amount of proceeds from each issuance will be tracked via a separate ledger, and any unallocated amount will be allocated against highly liquid instruments such as (i) U.S. government and agency obligations, (ii) certain non-US government obligations, and (iii) U.S. and non-US dollar deposits, until such amount can be allocated towards eligible assets. If an asset that has been funded with the proceeds of any issuance either matures or is sold, Goldman Sachs will seek to reallocate the equivalent amount of proceeds into eligible projects and assets. The Bank will prioritize financing to new projects or assets, loans and investments made up to one year prior to the issuance are also eligible for refinancing; Goldman Sachs intends to fully allocate within 24 months of issuance.
  - Based on the use of a formal ledger and the disclosure of temporary use of proceeds, Sustainalytics consider this management approach to be in line with market practice.
- Reporting:
  - Goldman Sachs intends to publish reports on an annual basis after the issuance of each fixed-income instrument. Reports will be made available on its website, and reports will be renewed on an annual basis and until full allocation. The allocation report will include the amount allocated and a brief description of categories financed; the amount of unallocated proceeds; and the expected and realized qualitative and, where feasible, quantitative environmental and social impact of the assets being financed.
  - Annual reports will be overseen by the SAWG, in addition to being reviewed by an independent auditor who will verify that allocations conform with the Framework and that assets have been appropriately identified as eligible for inclusion.
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers the reporting process to be in line with market practice.

#### **Alignment with Sustainability Bond Guidelines 2018**

Sustainalytics has determined that the Goldman Sachs’ Sustainability Issuance Framework aligns to the four core components of the Green Bond Principles 2018 and the Social Bond Principles 2020. For detailed information please refer to Appendix 4: Sustainability Bond/ Sustainability Bond Programme External Review Form.

<sup>8</sup> In the U.S., low and moderate household definition is aligned to the Department of Housing and Urban Development (“HUD”) of households earning less than 80% of the area median income (“AMI”).

## Section 2: Sustainability Performance of the Issuer

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

Sustainalytics is of the opinion that Goldman Sachs demonstrates a strong commitment to sustainability by incorporating sustainable finance into its core business activities. In particular, Goldman Sachs has announced USD 750 billion for financing, investing and advisory activities for sustainable finance over the next decade. This target is part of a strategy focused on driving the global climate transition and incorporating inclusive growth strategies focused around growth themes, with measurable results, under the following themes: (i) waste and materials, (ii) clean energy, (iii) sustainable food and agriculture, (iv) sustainable transport, (v) ecosystem services, (vi) financial inclusion, (vii) accessible and affordable education, (viii) communities, and (ix) accessible and innovative healthcare.<sup>9</sup> In addition, in its most recent Sustainability Report 2019,<sup>10</sup> the Bank has outlined three broad areas that have been identified as a priority:

- “Accelerating the Climate Transition” aims to support clients’ move towards a low-carbon future by promoting more sustainable business practices. The Bank was one of the founding members of the Climate Finance Leadership Initiative (“CFLI”),<sup>11</sup> whose focus is to accelerate the deployment of private capital to support the transition to a low carbon economy. To this end, Goldman Sachs has developed debt instruments to raise capital for green and social projects providing different financing approaches such as Sustainable Development Goals (“SDGs”) linked bonds and climate resilience bonds. The Bank also formed the GSAM Renewable Power Group to invest in renewable energy assets and which has become one of the largest owners and operators of distributed energy with over 1 gigawatt of operating capacity in the U.S.
- “Driving Inclusive Growth” focuses on increasing access, increasing affordability, and improving quality and accessibility in health care, education, and financial services. For this purpose, the Bank incorporated ESG factors and impact considerations in its investment management and advisory services and, as of year-end 2019, now has over USD 74 billion in assets under management that explicitly include ESG or impact objectives. To support underserved communities Goldman Sachs’ Urban Investment Group (“UIG”), an investor community and economic development group, that has invested over USD 8.5 billion since 2001 in underserved American communities. Goldman Sachs has also worked with Ecuador to issue a sovereign social bond designed to build affordable housing and help first-time home buyers from low- and middle-income families. To support diverse entrepreneurship the Bank formed “Launch with GS” a program that seeks to “increase capital for women, black, Latinx, and other diverse entrepreneurs and investors.”<sup>12</sup>
- “Managing Our Firm” focuses on supporting the Bank’s employees by fostering a workplace that emphasizes inclusion, diversity and sustainability across the Bank’s operations, supply chain and risk management. The Bank is aiming to attract diverse talent to include 50% women, 11% black professionals and 14% Hispanic/Latino professionals in the Americas, and 9% black professionals in the UK for entry-level analysts and associates. In addition, to lower its operational impacts, the Bank has set sustainability goals that include meeting 100% of global energy needs through renewable sources by 2020; eliminating 100% of disposable plastics from operations by 2025; and obtaining green-building certification, LEED Gold or equivalent, for 70% of its real estate by 2020 and targeting the certification for 100% of new buildings and major renovation projects by 2025. In 2018, the Bank reaffirmed its commitment to inclusive and responsible supply chain management, publishing a Vendor Code of Conduct,<sup>13</sup> which outlines the Banks’ expectations on topics like ethical business conduct, human rights protections, responsible sourcing practices and environmental stewardship, and developing an ESG risk management model to ensure 100% of vendors are assessed against ESG risks.<sup>14</sup>

Goldman Sachs also has developed an ISO 14001-compliant Environmental Management System (“EMS”) to improve its operational environmental performance through the efficient use of resources, and by the end of 2019 Goldman Sachs had covered 100% of its operational facilities. The Bank has also achieved ISO 20121

<sup>9</sup> Goldman Sachs, “Sustainable Finance”, at: <https://www.goldmansachs.com/what-we-do/sustainable-finance/index.html>.

<sup>10</sup> Goldman Sachs, “Goldman Sachs 2019 Sustainability Report”, at: <https://www.goldmansachs.com/what-we-do/sustainable-finance/documents/reports/2019-sustainability-report.pdf>.

<sup>11</sup> CFLI, “The Climate Finance Leadership Initiative”, at: <https://www.bloomberg.com/cfli/>.

<sup>12</sup> Goldman Sachs, “Goldman Sachs 2019 Sustainability Report”, at: <https://www.goldmansachs.com/what-we-do/sustainable-finance/documents/reports/2019-sustainability-report.pdf>.

<sup>13</sup> Goldman Sachs, “Goldman Sachs Vendor Code of Conduct”, at: <https://www.goldmansachs.com/investor-relations/corporate-governance/sustainability-reporting/vendor-code-of-conduct/english.pdf>.

<sup>14</sup> Goldman Sachs, “Goldman Sachs 2018 Sustainability Report”, at <https://www.goldmansachs.com/citizenship/sustainability-reporting/report.pdf>.

(Event Sustainability Management) certification for all global events, on campus and extended this commitment to all off-site events by 2025.

Sustainalytics is of the opinion that Goldman Sachs' sustainability efforts are indicative of the emphasis it has placed on sustainability issues. As such, Sustainalytics believes that Goldman Sachs' Framework is aligned with the Bank's sustainability strategy and will serve as a medium to mobilize capital towards inclusive growth and a low-carbon economy.

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

While Goldman Sachs' use of proceeds categories are intended to finance green and/or social projects that are anticipated to have overall positive impacts, Sustainalytics recognizes that there exist environmental and social risks which could be associated with the financing provided. Examples of these risks include those of funding large infrastructure and construction projects, as well as the risks associated with being exposed to controversial companies or projects as a result of the Bank's lending activities. Some key environmental risks associated with the eligible green and social projects may include occupational health and safety, biodiversity degradation and community relations. Additionally, consumer lending may involve financial risks for the offering entity as well as risks to the borrower.

Since 2005, Goldman Sachs has implemented an Environmental Policy Framework<sup>15</sup> which guides the Bank's approach to addressing environmental and social risks. The policy also mandates that each of the advisory, financing, and direct investing teams integrate environmental and social due diligence as part of their normal course due diligence requirement. Transactions that may pose a higher risk are elevated for enhanced ESG review and business selection assessment. This is based on the premise of considering environmental and social impacts in all relevant business selection decisions while engaging with clients to help them identify significant ESG issues and adopt sustainable practices where feasible. The Bank also reserves the right to decline assignments when client engagement is not possible, the potential impacts cannot be mitigated, or if there are unacceptable risks that go against the Banks' environmental and social policy guidelines.

In addition, the Bank's Sustainable Finance Group ("SFG"), which reports to the Office of the Chairman, is responsible for partnering with the firm's global businesses to deliver leading sustainability expertise and capabilities to clients and to drive innovative market solutions that advance climate transition and inclusive growth. SFG also engages with the firm's stakeholders to stay abreast of sustainability developments and, where relevant, help inform sustainable finance and climate change-related policy. In addition, SFG works with the Business Intelligence Group, the Risk Division and the business units on firmwide environmental and social risk management and related guidelines. The Bank also has an Operational Risk Management & Analysis Environmental Specialist Team, comprised of internal environmental consultants that are able to conduct in-depth due diligence and mitigate transactional risks for business teams in relation to the environment, health, safety and social issues whenever required. All employees of the Bank, including the Board of Directors, are guided by the Goldman Sachs' Code of Business Conduct and Ethics,<sup>16</sup> which outlines the shared responsibility the Bank has to its clients, colleagues and communities.

Given the above, Sustainalytics is of the opinion that Goldman Sachs has sufficient measures to manage and mitigate environmental and social risks commonly associated with the eligible categories.

## **Section 3: Impact of Use of Proceeds**

The five green use of proceeds categories and four social use of proceeds are recognized as impactful by the GBP and the SBP. Sustainalytics has focused below on where the impact is specifically relevant in local context.

### **The role of the financial sector in supporting sustainable finance**

It is estimated that in order to achieve the Sustainable Development Goals ("SDGs") by 2030, there is a USD 2.5 trillion gap in funding needed to support these targets.<sup>17</sup> Furthermore, the International Energy Agency ("IEA") estimates that if we are to limit global warming to 1.5°C, the annual investment in low-carbon technologies and energy efficiency needs to increase six fold "from around USD 390 billion in 2013 to USD 2.3 trillion per year by 2035."<sup>18</sup> As a means to increase funding for these areas, private financial institutions are working with the UN to understand the relevance of ESG challenges for the finance sector, and how to

<sup>15</sup> Goldman Sachs, "Environmental Policy Framework", (2015), at: <https://www.goldmansachs.com/citizenship/environmental-stewardship/epf-pdf.pdf>.

<sup>16</sup> Goldman Sachs, "Code of Business Conduct and Ethics", at: <https://www.goldmansachs.com/investor-relations/corporate-governance/corporate-governance-documents/revise-code-of-conduct.pdf>.

<sup>17</sup> UNDP, "Closing the green finance gap", (2019), at: <https://www.undp.org/content/undp/en/home/blog/2019/closing-the-green-finance-gap.html>.

<sup>18</sup> Fabian, N., (2015), "Economics: Support low-carbon investment", Nature, at: <https://www.nature.com/news/economics-support-low-carbon-investment-1.17015>.

address these.<sup>19</sup> The United Nations Environment Programme Finance Initiative (“UNEP FI”) has also recognized that “bank loans are the most important source of external finance for companies and will play a crucial role in steering businesses.”<sup>20</sup> Thus, the need for financial institutions to contribute and partner with the public sector to facilitate the mobilization of capital needed to achieve the SDGs and limit global warming.

Initiatives like the CFLI, of which Goldman Sachs is a member, has identified two key priorities for the financial sector’s role in response to climate change and to meet the SDGs: (i) increase low-carbon investment and (ii) support the transition of carbon-intensive sectors. As a global financial institution, and with its new public goal to channel USD 750 billion over the next decade to areas such as clean energy and transport, sustainable food and agriculture, and financial inclusion, Goldman Sachs is well positioned to make an impact through its financing activities and to contribute to closing the gap to reach the SDGs and limit global warming.

### **Contribution of community infrastructure projects**

Despite being a highly developed country, there still persists financial obstacles to address the needs of low-income communities in the United States. Investing in the development of these urban and rural areas can stabilize community life and help individuals and families.<sup>21</sup> Goldman Sachs’ growth strategies, in particular its “Communities” sector, aim to support clients by enabling infrastructure development and affordable housing that both addresses environmental considerations and makes these services more accessible to vulnerable populations. Through Goldman Sachs Urban Investment Group (“UIG”) the Bank has been targeting neighborhoods in need of further investment to revitalize communities and create long-term economic growth.<sup>22</sup> Since 2001, the Bank has committed USD 7 billion to underserved communities and supporting a comprehensive development plan for the neighborhoods they invest which includes affordable housing, quality education, and healthcare facilities.

### Affordable Housing

With an unprecedented rate of urbanization, there has been a significant increase in demand for affordable housing in cities around the world. A survey of 200 urban areas around the world showed that 90% of them were considered unaffordable “when applying the widely-used standard of average house prices being more than three-times median income.”<sup>23</sup> In the U.S., a study published by the Urban Institute in 2018, showed there are approximately 8.3 million low-income renter households which spent over 50% of their income on housing – commonly referred to as having severe housing cost burden.<sup>24</sup> The National Low-Income Housing Coalition further estimates that there is a shortage of over 7.2 million affordable and available rental homes for extremely low-income households, while only 1 in 4 households eligible for housing assistance in the U.S. end up receiving it.<sup>25</sup> There is strong evidence that housing poverty leads to negative social outcomes across multiple dimensions such as educational under-achievement, poor health, and community tensions, as families and individuals must make tradeoffs between the cost of rent, and expenditure on other necessities such as food, healthcare and transportation. Additionally, an estimated 10,000 units for public housing are lost each year due to a lack of repairs that make them no longer habitable due to underfunding of the Public Housing Capital Fund<sup>26</sup> and the private market providing too few homes affordable to the lowest-income dwellers, intensifying the shortage of affordable homes, exacerbating intergenerational poverty and resulting in a detrimental effect on economic mobility. Considering the above, Sustainalytics believes that investments by Goldman Sachs in affordable housing projects will have strong positive social impacts.

### Accessible Healthcare Services

The World Health Organization has noted the important linkages between good health and sustained economic and social development and poverty reduction.<sup>27</sup> While significant improvements on access to essential healthcare services have been achieved globally between 2000 to 2017, levels of service coverage

<sup>19</sup> IISD, “UN Secretary-General Releases Strategy for Financing 2030 Agenda”, (2018), at: <https://sdg.iisd.org/news/un-secretary-general-releases-strategy-for-financing-2030-agenda/>.

<sup>20</sup> UNEP, “Financial Institutions Taking Action on Climate Change”, at:

<http://www.unepfi.org/fileadmin/documents/FinancialInstitutionsTakingActionOnClimateChange.pdf>.

<sup>21</sup> Harvard University, “The Past, Present, and Future of Community Development in the United States”, (2012), at:

[https://www.jchs.harvard.edu/sites/default/files/w12-6\\_von\\_hoffman.pdf](https://www.jchs.harvard.edu/sites/default/files/w12-6_von_hoffman.pdf).

<sup>22</sup> GRESB, “Investing in Inclusion drives Global Returns”, (2019) at: <https://gresb.com/investing-inclusion-drive-global-return/>.

<sup>23</sup> WEF, “10 ways cities are tackling the global affordable housing crisis”, at: <https://www.weforum.org/agenda/2019/06/10-ways-cities-are-tackling-the-global-affordable-housing-crisis/>.

<sup>24</sup> Urban Institute, “The Case for More, Not Less: Shortfalls in Federal Housing Assistance and Gaps in Evidence for Proposed Policy Changes”, (2018), at: [https://www.urban.org/sites/default/files/publication/95616/case\\_for\\_more\\_not\\_less.pdf](https://www.urban.org/sites/default/files/publication/95616/case_for_more_not_less.pdf).

<sup>25</sup> National Low Income Housing Coalition, “The Problem”, at: <https://nlihc.org/explore-issues/why-we-care/problem>.

<sup>26</sup> National Low Income Housing Coalition, “Public Housing: Where do we stand?”, at: <https://nlihc.org/resource/public-housing-where-do-we-stand>.

<sup>27</sup> WHO, “Universal health coverage”, at: [https://www.who.int/healthsystems/universal\\_health\\_coverage/en/](https://www.who.int/healthsystems/universal_health_coverage/en/).

remain much lower in low- and middle-income countries than in wealthier ones. As of 2017, only one third to one half of the world's population was able to obtain essential health services.<sup>28</sup>

In the U.S., most Americans rely on private health insurance to cover their medical costs. With the enactment of the Affordable Care Act (“ACA”) in 2010, the federal government sought to make affordable health insurance available to more people, expand Medicaid program to cover low-income adults, and support innovative medical care delivery methods.<sup>29</sup> It was established on the basis of a “shared responsibility” between the government, employers, and individuals to ensure that all Americans gain access to affordable and good-quality health insurance.<sup>30</sup> The percentage of people with health insurance coverage for 2017 was 91.2%, with 67.2% of individuals being covered by private health insurance compared to 37.7% of people<sup>31</sup> that are covered by government health insurance; 8.8% of individuals did not have health coverage.<sup>32</sup> In addition, U.S. health care spending is the highest on a per capita basis among developed countries due mainly to higher prices on a per-service basis,<sup>33</sup> and lags in term of access, administrative efficiency, equity and health care outcomes domains in comparison to other developed nations.<sup>34</sup> In this regard, Goldman Sachs is able to have a positive impact by providing financing to a series of healthcare programs focused on activities that provide free or low-cost healthcare, programs that reduce the cost of provisions of health services, and activities that increase a community's capacity to provide effective and low-cost health services. Overall Sustainalytics is of the opinion that Goldman Sachs Sustainability Issuances will contribute to the provision of accessible and efficient healthcare services for underserved populations.

#### 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 sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Clean Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Sustainable Transport	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
Sustainable Food and Agriculture	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
Waste and Materials	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Ecosystem Services	14. Life on Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by

<sup>28</sup> WHO, “World Health Statistics 2020”, (2020), at: <https://apps.who.int/iris/bitstream/handle/10665/332070/9789240005105-eng.pdf>.

<sup>29</sup> U.S. Centers for Medicare & Medicaid Services, “Affordable Care Act (ACA)”, at: <https://www.healthcare.gov/glossary/affordable-care-act/>.

<sup>30</sup> The Commonwealth Fund, “The U.S. Health Care System”, at: [https://international.commonwealthfund.org/countries/United\\_States/](https://international.commonwealthfund.org/countries/United_States/).

<sup>31</sup> These numbers may sum to more than 1005, as individuals may have more than one coverage type during the calendar year.

<sup>32</sup> United States Census Bureau, “Health Insurance Coverage in the United States: 2017”, (2018), at: <https://www.census.gov/library/publications/2018/demo/p60-264.html>.

<sup>33</sup> John Hopkins Bloomberg School of Public Health, “U.S. Health Care Spending Highest Among Developed Countries”, (2019), at: <https://www.jhsph.edu/news/news-releases/2019/us-health-care-spending-highest-among-developed-countries.html>.

<sup>34</sup> The Commonwealth Fund, “Mirror, Mirror 2017: International Comparison Reflects Flaws and Opportunities for Better U.S. Health Care”, (2017), at: [https://www.commonwealthfund.org/sites/default/files/documents/\\_\\_\\_media\\_files\\_publications\\_fund\\_report\\_2017\\_jul\\_schneider\\_mirror\\_mirror\\_2017.pdf](https://www.commonwealthfund.org/sites/default/files/documents/___media_files_publications_fund_report_2017_jul_schneider_mirror_mirror_2017.pdf).

	15. Life on Land	strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
Accessible and Innovative Healthcare	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 safe, effective, quality and affordable essential medicines and vaccines for all
Financial Inclusion	10. Reduced Inequalities  8. Decent work and economic growth	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 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
Accessible and Affordable Education	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Communities	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

## Conclusion



Goldman Sachs has developed the Goldman Sachs Sustainability Issuance Framework under which it will include green, social or sustainable issuances and use the proceeds to finance activities that enhance the natural environment, help address climate change, provide social benefits and help build more inclusive and strengthened communities. Sustainalytics considers that the projects funded, and investments made by the green, social or sustainable issuances will provide positive environmental and social impact.

The Goldman Sachs Sustainability Issuance 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 Framework is aligned with the overall sustainability strategy of the bank and that the sustainable use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 7, 8, 10, 11, 12, 14 and 15. Additionally, Sustainalytics is of the opinion that Goldman Sachs 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 Goldman Sachs is well-positioned to issue green, social or sustainable instruments and that the Goldman Sachs Sustainability Issuance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018, Social Bond Principles 2018, and Sustainability Bond Guidelines 2018.

## Appendices

### Appendix 1: Overview of Green Building Certification Schemes

	LEED <sup>35</sup>	BREEAM <sup>36</sup>
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990.  Based in the UK, BREEAM can be used for new, refurbished and extension of existing buildings.
<b>Certification levels</b>	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Pass</li> <li>• Good</li> <li>• Very Good</li> <li>• Excellent</li> <li>• Outstanding</li> </ul>
<b>Areas of assessment</b>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>
<b>Requirements</b>	<p>Prerequisites (independent of level of certification) + Credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification.</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g., New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operations and Maintenance).</p>	<p>Prerequisites depending on the levels of certification, and credits with associated points.</p> <p>This number of points is then weighted by item and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p>
<b>Qualitative Considerations</b>	Widely recognized internationally, and strong assurance of overall quality.	Widely accepted within the industry. Sustainalytics considers BREEAM Very Good (provided a minimum score of 70% is achieved in the energy category), Excellent and Outstanding to be representative of best practice.
<b>Performance display</b>		

<sup>35</sup> USGBC, "LEED rating system", at: <https://www.usgbc.org/leed>.

<sup>36</sup> BREEAM, "Scoring and Rating BREEAM assessed buildings", at: [https://www.breeam.com/BREEAM2011SchemeDocument/Content/03\\_ScoringRating/scoring.htm](https://www.breeam.com/BREEAM2011SchemeDocument/Content/03_ScoringRating/scoring.htm).




## Appendix 2: Overview of Referenced “Sustainable Food and Agriculture” Certifications

	<b>Canada Organic<sup>37</sup></b>	<b>EU Organic<sup>38</sup></b>	<b>USDA Organic<sup>39</sup></b>
<b>Background</b>	Canada Organic is a regulatory certification implemented by the Government of Canada’s Canadian Food Inspection Agency, based on authorities granted in section 13 of the SFCR regulation. A Canada Organic claim applies to food, feed, or seed that is produced in or imported to Canada.	The EU Organic Farming is a European wide label organized under the European Commission’s Council Regulation (EC) no 834/2007. The regulation covers the organic production and labelling of organic products including live or unprocessed agricultural projects, processed agricultural products for use of food, feed, and vegetative propagating material and seeds for cultivation.	The USDA Organic label is a US certification system overseen, administered and enforced by the National Organic Program of the United States Department of Agriculture. The US Organic label is regulated by the US Organic Foods Production Act of 1990 and involves input from the National Organic Standards Board (a Federal Advisory Committee made up of 15 members of the public) and the public.
<b>Clear positive impact</b>	Promote sustainable agricultural processes and products.	Promotion of a sustainable management system that respects nature’s systems, contributes to biological diversity, uses energy responsibly, respects high animal welfare standards.	Promoting sustainable farming practices that improve water quality, conserve energy, increase biodiversity and contribute to soil health.
<b>Minimum standards</b>	The Canada Organic regulation prohibits specific chemicals, and mandates minimum standards for agricultural practices.	The EU Organic Farming system prohibits the use of GMOs (minimum 95% GMO free), the use of ionizing radiation and sets core requirements for plant production, production rules for seaweed, livestock production rules, production rules for aquaculture animals.	The USDA Organic seal sets strict production and labeling requirements: <ul style="list-style-type: none"> <li>• produced without genetic engineering, ionizing radiation or sewage sludge</li> <li>• produced using allowed substances based on a comprehensive list of authorized synthetic and non-synthetic substances overseen by a USDA NOP authorized agent</li> </ul>
<b>Scope of certification or programme</b>	Specific standards apply to crop production, livestock production, aquaculture, chain of custody, and products. The regulations also specifically name prohibited and permitted substances.	The EU Organic Farming system addresses key risks such as substance use (e.g. pesticides, soluble fertilizers, soil conditioners or plant protection products), the maintenance and enhancement of soil life, natural soil fertility, soil stability and biodiversity, preventing and combating soil damage (compaction, erosion).	The USDA Organic system addresses key risks such as substance use through the regulation of synthetic and non-synthetic substances to preserve soil quality and in line with federal guidelines on animal raising practices, pest and weed control and the use of additives.

<sup>37</sup> Government of Canada, “Canadian Organic Standards”, at: <https://www.inspection.gc.ca/organic-products/standards/eng/1300368619837/1300368673172>.

<sup>38</sup> European Commission, “Organic farming”, at: [https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming\\_en](https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming_en).

<sup>39</sup> USDA, “USDA Organic”, at: <https://www.usda.gov/topics/organic>.

<p><b>Verification of standards and risk mitigation</b></p>	<p>Certification of products and processors is granted by CBs, and requires annual verification.</p>	<p>Certified entities undergo audits to ensure compliance with criteria and continuous improvement at least once a year, or more often based on a risk assessment.</p>	<p>The USDA seal has a twofold enforcement mechanism, one by Organic Certifiers and one by the USDA Agricultural Marketing Services. The two bodies undergo audits to ensure compliance with criteria and continuous improvement at least once a year or unannounced.</p>
<p><b>Third party expertise and multi-stakeholder process</b></p>	<p>Developed by the Government of Canada through a consultative legislative process.</p>	<p>The EU Organic Farming is a government-based standard resulting from public consultations and third-party deliberations in line with the European Commission’s typical legislative approach.</p>	<p>The USDA Organic seal is organized by the National Organic Program which develops the rules and regulations for the production, handling, labeling and enforcement of all USDA organic products. This process receives input from the national Organic Standards Board (a Federal Advisory Committee made of 15 members of the public) and the general public.</p>
<p><b>Performance Display</b></p>			
<p><b>Third-party verified</b></p>	<p>Certification Bodies (CBs) are accredited by Conformity Verification Bodies (CVBs), which are in turn accredited by the Canada Food Inspection Agency.</p>	<p>Every Member State must designate one or more private and/or public control authorities in charge for the organic production and labelling of organic products in the EU Member States.</p>	<p>80 certifying agents are USDA accredited and authorized to certify operations under the USDA organic standards. 48 of the 80 certifying authorities are US based and 32 are in foreign countries. Most certifying agents are directly accredited by the USDA National Organic Program, with an additional 21 members being officially authorized through recognition agreements between US and other governments.</p>



<b>Qualitative considerations</b>	The Canada Organic certification is the only legally recognized organic scheme in Canada, and applies to both imports and domestically-produced agriculture products.	The EU Organic Farming system is widely recognized across all 28 Member States. Currently, 11.9% million hectares are currently certified under the system, with the whole organic area representing 6.2% of the total utilized agricultural area in the European Union.	Under the USDA Organic seal, the US federal legislation allows three levels of organic foods, namely: purely organic products made entirely with certified organic ingredient and labeled 100% organic, products with at least 95% organic ingredients. Both categories are allowed to be certified USDA Organic. A third category with at least 70% organic ingredients may be labeled as “made with organic ingredients”, but cannot display the USDA Organic seal.
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	<b>Australian Organic Certification<sup>40</sup></b>	<b>FAIRTRADE<sup>41</sup></b>	<b>Marine Stewardship Council<sup>42</sup></b>
<b>Background</b>	Organic standards in Australia are owned and managed by private organizations who base their certification standards on the National Standard for Organic and Biodynamic Produce (the export standards which is also referred to as the National Standards).	The FAIRTRADE Mark is a global certification system that seeks to address power imbalances in trading relationships. Organizations certified to Fairtrade standards must meet general, trade, product and business development requirements.	Marine Stewardship Council (MSC) is a non-profit organization founded in 1996, that issues eco-label certifications for fisheries which are sustainable and well-managed.
<b>Clear positive impact</b>	Promoting the principle of organic agriculture, and sustainable practices for agricultural products.	Promoting sustainable practices for agricultural products, consumer goods and gold.	Promoting sustainable fisheries practices.
<b>Minimum standards</b>	The National Standard for Organic and Biodynamic Produce sets the minimum conditions which must be met by an operator of an organic or bio-dynamic unit.	Fairtrade has a set of core requirements that must be met and development requirements that are intended to foster continuous improvement and which certified producers must make progress on.	A minimum score must be met across each of the performance indicators.  As a condition to certification, low-scoring indicators must be accompanied by action plans for improvement.
<b>Scope of certification or programme</b>	The National Standard addresses key risks such as substance use including the use of pesticides, synthetic chemicals or substances that could be detrimental to the environment or	Fairtrade addresses key risks through its requirements, including child labour, forced labour and pesticide use.	The MSC standard consists of a fisheries standard and a chain of custody standard.  The Fishery Standard assesses three core principles: sustainable fish stocks, minimising

<sup>40</sup> Department of Agriculture and Water Resources, “National Standard for Organic and Bio-Dynamic Produce”, at: <https://www.agriculture.gov.au/sites/default/files/sitecollectiondocuments/aqis/exporting/food/organic/national-standard-edition-3-7.pdf>.

<sup>41</sup> Fairtrade, Fairtrade Standards”, at: <https://www.fairtrade.net/standard/fairtrade-standards>.

<sup>42</sup> Marine Stewardship Council, “The MSC Fisheries Standard”, at: <https://www.msc.org/standards-and-certification/fisheries-standard>.

	contaminate the certified product.		environmental impact, and effective fisheries management; collectively these account for the major environmental and social impacts.  The Chain of Custody standard addresses certified purchasing, product identification, separation, traceability and records, and good management.
<b>Verification of standards and risk mitigation</b>	Certifying organizations are approved by the Department of Agriculture and Water Resources to determine compliance to the National Standard, based on at least an annual audit of all systems.	Certified entities undergo audits to ensure compliance with criteria and continuous improvement.	Third-party conformity assessment bodies (CABs), certified by Accreditation Service International (ASI) carry out assessments in line with the MSC standard and ISO 17065.  Certification is valid for up to five years.
<b>Third party expertise and multi-stakeholder process</b>	The Department of Agriculture and Water Resources consults with approved certifying organizations and the industry about any changes to export requirements and importing country requirements. Consultation is primarily through the Organic Industry Standards and Certification Council (OISCC).	Standard setting is aligned with the ISEAL Standard Setting Code.	Aligned with the UN Code of Conduct for Responsible Fishing, and further informed by the Global Sustainable Seafood Initiative (GSSI), World Trade Organization (WTO), and International Social and Environmental Accreditation and Labelling (ISEAL)
<b>Performance Display</b>	N/A		
<b>Third-party verified</b>	Approved Certifying Organizations as of February 2020: • AUS-QUAL • ACO Certification • BDRI • NCO • OFC • SXC	FLO-CERT GmbH. FLO-CERT is the largest certifier for Fairtrade, responsible for the certification of all producers and most traders.	MSC assessment is carried out by accredited Conformity Assessment Bodies (“CABs”). CABs must meet the requirements set out in the MSC Certification Requirements.

<p><b>Qualitative considerations</b></p>	<p>The National Standard for Organic and Biodynamic Produce is recognised by IFOAM. Australia’s organic export system is recognised as having equivalence in government-to-government agreements held with: the European Union (for plant-based products), Switzerland (plant-based products), Japan (plant-based products), Taiwan (all products except for bone and offal).</p>	<p>Global recognition across 74 countries present in the Fairtrade System. The system covers 1.4 million farmers and workers in 1,140 producer organizations. The Fairtrade certification scheme is less strict on the scope of the environmental and social requirements as it does not cover human rights issues and impact on biodiversity.</p>	<p>The MSC label is the most widely recognized sustainable fisheries label worldwide and is generally accepted to have positive impacts on marine environments.</p> <p>Proponents of the label cite the transparent science-based process for approval and its successful engagement with industry groups. Criticism from various observers include lack of focus on preventing by-catch, protecting marine mammals and endangered species, follow-up on conditions, crew safety, and live tracking of supply chains.</p>
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### Appendix 3: Overview of Referenced Forestry Certifications

	FSC <sup>43</sup>	PEFC <sup>44</sup>	SFI <sup>45</sup>
<b>Background</b>	Founded in 1993 after the 1992 Earth Summit in Rio failed to produce any international agreements to fight against deforestation, FSC aims to promote sustainable forest management practice.	PEFC was founded in 1999 in response to the specific requirements of small- and family forest owners as an international umbrella organization providing independent assessment, endorsement and recognition of national forest certification systems.	In 2005, the PEFC recognized the SFI standard with an aim to advance sustainable forestry and responsible purchasing globally. The SFI program has on-product labels to help consumer interact with the forestry supply chain by supporting responsible forestry. The SFI standards pertain to - Forest Management Standard, Fiber Sourcing Standard and Chain-of-Custody Standard
<b>Basic Principles</b>	<ul style="list-style-type: none"> <li>• Compliance with laws and FSC principles</li> <li>• Tenure and use rights and responsibilities</li> <li>• Indigenous peoples' rights</li> <li>• Community relations and workers' rights</li> <li>• Benefits from the forests</li> <li>• Environmental impact</li> <li>• Management plans</li> <li>• Monitoring and assessment</li> <li>• Special sites – high conservation value forests (HCVF)</li> <li>• Plantations</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle</li> <li>• Maintenance and enhancement of forest ecosystem health and vitality</li> <li>• Maintenance and encouragement of productive functions of forests (wood and no-wood)</li> <li>• Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems</li> <li>• Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water)</li> <li>• Maintenance of socioeconomic functions and conditions</li> <li>• Compliance with legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>• To practice sustainable forestry that integrates land stewardship ethic and conservation of ecosystem services</li> <li>• To protect and maintain forest productivity and health</li> <li>• To protect water resources and biological diversity</li> <li>• To manage the visual impacts of forest operations, and to provide recreational opportunities for the public</li> <li>• To manage and protect integrity of forests and lands of special significance (ecologically, geologically or culturally important)</li> <li>• To use and promote sustainable forestry practices that are both scientifically credible and economically, environmentally and socially responsible</li> <li>• To avoid Controversial Sources including Illegal logging in Offshore Fiber Sourcing as well as sourcing from countries that do not have effective social laws.</li> <li>• To comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations</li> <li>• To support advances in sustainable forest management through forestry research as well as improve the practice of sustainable forestry through training and education programs</li> <li>• To broaden the practice of sustainable forestry on public lands through community involvement as well as the understanding of the standard by documenting certification audits and making the findings publicly available.</li> <li>• To continually improve the practice of forest management</li> </ul>

<sup>43</sup> Forest Stewardship Council, at: <https://www.fsc.org/en>

<sup>44</sup> Programme for the Endorsement of Forest Certification, at: <https://www.pefc.org/>

<sup>45</sup> Sustainable Forestry Initiative, at: <https://www.sfiprogram.org/>

<p><b>Governance</b></p>	<p>The General Assembly, consisting of all FSC members, constitutes the highest decision-making body.</p> <p>At the General Assembly, motions are proposed by one member, seconded by two more, and deliberated and voted on by all members. Members are entitled to vote to amend the bylaws, initiate new policies, and clarify, amend or overturn a policy decision by the board.</p> <p>Members apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers.</p> <p>Each chamber holds 33.3% of the weight in votes, and within each chamber the votes are weighted so that the North and South hold an equal portion of authority, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p> <p>The votes of all individual members in each sub-chamber represent 10% of the total vote of the sub-chamber, while the votes of organizational members make up the other 90%.</p> <p>The members vote for the board of directors, which is accountable to the members. There is an international board elected by all members and a US board, elected by the US-based members.</p>	<p>PEFC’s governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders.</p> <p>Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.</p> <p>The Board of Directors supports the work of the GA and together the GA and the Board make the formal approval of final draft standards. Standards are developed by working groups.</p> <p>In general, PEFC’s governance structure is more representative of industry and government stakeholders than of social or environmental groups, which gives industry and governments more influence in the decision-making process. However, the organization does include stakeholders from all sectors.</p>	<p>The SFI program is operated by SFI Inc., a fully independent non-profit charitable 501(c)(3) organization.</p> <p>SFI Inc. is governed by an 18-member board of directors made up of three chambers with equal membership: environmental, social and economic. This multi-stakeholder board of directors is the sole governing body over all aspects of the SFI program, including the SFI 2010-2014 Standard, chain-of-custody, labeling and claims, marketing and promotion.</p> <p>The SFI has an External Review Panel, comprising environmental, conservation and forestry experts. This panel annually reviews the program’s progress and releases a report publicly.</p> <p>There are thirty-seven SFI Implementation Committees across North America that operate at the regional, state and provincial level to help promote the SFI Standard through targeted local actions. They involve public agencies, universities, local forestry associations, landowners, loggers, partnerships with conservation groups, and other community based organizations</p>
<p><b>Scope</b></p>	<p>FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59)<sup>46</sup> and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>SFI Standards promote sustainable forest management in North America and responsible procurement of forest products around the world.</p> <p>The SFI Forest Management Standard particularly applies to organizations in the United States and Canada and the Fiber Sourcing Standard as well as the Chain-of-Custody standard apply to any organization globally.</p>

<sup>46</sup> ISO, “ISO/IEC Guide 59:2019”, (2019), at: <https://www.iso.org/standard/23390.html>

# Goldman Sachs Sustainability Issuance Framework

<p><b>Chain-of-Custody</b></p>	<ul style="list-style-type: none"> <li>• The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards.</li> <li>• CoC standard includes procedures for tracking wood origin.</li> <li>• CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products.</li> <li>• CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC.</li> </ul>	<ul style="list-style-type: none"> <li>• Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC.</li> <li>• Only accredited certification bodies can undertake certification.</li> <li>• CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content.</li> <li>• The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials.</li> <li>• The CoC standard includes specifications for the physical separation of certified and non-certified wood.</li> <li>• The CoC standard includes specifications about procedures for dealing with complains related to participant’s chain of custody.</li> </ul>	<ul style="list-style-type: none"> <li>• Any entity harvesting, transporting, handling or processing forest based products can use CoC certification to track and communicate forest fiber content using one of the following optional approaches for chain of custody: physical separation, average percentage or volume credit method.</li> <li>• These entities shall obtain an independent, third-party certification by an SFI certification body to the requirements set out in this standard if they choose to utilize an SFI CoC label or claim.</li> <li>• Quality or environmental management systems (ISO 9001: 2008) or environmental management system (ISO 14001:2004) can be used to meet minimum requirements for the management system.</li> <li>• This standard shall be used together with the requirements specifying the origin, which is to be verified by the CoC. Usage of labels and claims based on the implementation of this standard shall follow ISO 14020:2000 (Environmental labels and declarations)</li> </ul>
<p><b>Non-certified wood sources</b></p>	<p>FSC’s Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <ol style="list-style-type: none"> <li>Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others,</li> <li>Wood harvested in violation of traditional and civil rights,</li> <li>Wood harvested in forests where high conservation values are threatened by management activities,</li> </ol>	<p>The PEFC’s Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:</p> <ol style="list-style-type: none"> <li>forest management activities that do not comply with local, national or international laws related to:</li> <li>operations and harvesting, including land use conversion,             <ul style="list-style-type: none"> <li>management of areas with designated high environmental and cultural values,</li> <li>protected and endangered species, including CITES species,</li> <li>health and labor issues,</li> </ul> </li> </ol>	<p>SFI requires program participants to:</p> <ol style="list-style-type: none"> <li>Comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations such as - The Clean Water Act, The Endangered Species Act, The Species at Risk Act, The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) etc.</li> <li>Avoid controversial sources including Illegal Logging and Fiber Sourced from Areas that do not have Effective Social Laws pertaining to: workers’ health and safety, fair labor practices, indigenous peoples’ rights, anti-discrimination and anti-harassment measures, prevailing wages and workers’ right to organize.</li> <li>Document information that includes knowledge about direct suppliers’ application of the principles of sustainable forestry.</li> </ol>

	<p>d. Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses,</p> <p>e. Wood from management units in which genetically modified trees are planted.</p>	<ul style="list-style-type: none"> <li>o indigenous peoples' property, tenure and use rights,</li> <li>o payment of royalties and taxes.</li> </ul> <p>c. genetically modified organisms,</p> <p>d. forest conversion, including conversion of primary forests to forest plantations.</p>	
<b>Accreditation/ verification</b>	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit every year and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>	<p>Accreditation is carried out by an accreditation body (AB). Like a certification body checks a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>	<p>All SFI certifications require independent, third-party audits and are performed by internationally accredited certification bodies.</p> <p>Accredited certification bodies are required to:</p> <ul style="list-style-type: none"> <li>• maintain audit processes consistent with the requirements of ISO 17021:2006 conformity assessment – requirements for bodies providing audit and certification of management systems; and</li> <li>• conduct audits in accordance with the principles of auditing contained in the ISO 19011:2002 Guidelines for Quality and/or Environmental Management Systems Auditing.</li> </ul>
<b>Conclusion</b>	<p>Sustainalytics views both FSC and PEFC, as well as the PEFC-affiliated scheme SFI, as being credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices<sup>47</sup> and both have also faced criticism from civil society actors.<sup>48,49</sup> In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are equal or similar to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.</p>		

<sup>47</sup> FESPA, "FSC, PEFC and ISO 38200", (2018), at: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>.

<sup>48</sup> Yale Environment 360, "Greenwashed Timber: How Sustainable Forest Certification Has Failed", (2018), at: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>.

<sup>49</sup> EIA, "PEFC: A Fig Leaf for Stolen Timber", (2017), at: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>.

## Appendix 4: Sustainability Bond / Sustainability Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	Goldman Sachs Group, Inc.
<b>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: [specify as appropriate]</b>	Goldman Sachs Sustainability Issuance Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	February 1, 2021
<b>Publication date of review publication: [where appropriate, specify if it is an update and add reference to earlier relevant review]</b>	

### 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 and 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 <sup>nd</sup> 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 green and social categories eligible for the use of proceeds – (i) Clean Energy, (ii) Sustainable Transport, (iii), Sustainable Food and Agriculture, (iv) Waste and Materials, (v) Ecosystem Services, (vi) Accessible and Innovative Healthcare, (vii) Financial Inclusion, (viii) Accessible and Affordable Education, and (ix) Communities – are aligned with those recognized by both the Green Bond Principles and the Social Bond Principles, respectively. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 7, 8, 10, 11, 12, 13, 14 and 15.

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

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

#### Use of proceeds categories as per SBP:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services                                   |
| <input checked="" type="checkbox"/> Affordable housing              | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security                              | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment                      |

- Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs
- Other (please specify): Healthcare, education

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Goldman Sachs' Sustainable Asset Working Group ("SAWG"), comprised of representatives from the Sustainable Finance Group, Investor Relations, Corporate Treasury, Legal and Controllers, will review project and asset compliance with the Framework's eligibility criteria. Sustainalytics considers the project selection process to be in line with market practice.

### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives                                 | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input 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 ( <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 (please specify):   |  |

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Goldman Sachs' treasury team will be in charge of tracking an equivalent amount of proceeds from green, social and/or sustainable instruments via a separate ledger. Pending allocation, proceeds will be held in the Bank's general liquidity pool. This is in line with market practice.

### Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds

Other (*please specify*):

**Additional disclosure:**

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

**4. REPORTING**

Overall comment on section (if applicable):

Goldman Sachs intends to publish reports on its website within a year of each green, social and/or sustainable instrument issuance and until full allocation. The reports will include a brief description of categories of assets to which proceeds have been allocated, total amount allocated to eligible assets, and unallocated amounts if any. Impact reporting will include expected and realized qualitative and, where feasible quantitative environmental and social impacts. Sustainalytics views the Bank's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

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

**Information reported:**

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

**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:**

Annual  Semi-annual

Other (please specify):

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

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Number of beneficiaries   |
| <input type="checkbox"/> Target populations                 | <input type="checkbox"/> Other ESG indicators (please specify): Megawatts of installed clean energy generation; number of new below market-rate/affordable units built /retrofitted |

**Means of Disclosure**

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents   | <input type="checkbox"/> Other (please specify):                        |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): assurance that assets have been appropriately identified as eligible for inclusion, and verification that the allocation of funds from each fixed income instrument's proceeds conforms with this Framework and the 2018 ICMA standards. |   |

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

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

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

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

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

**Review provider(s):**

**Date of publication:**

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

- i. Second Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer's

overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability 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 and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

## Disclaimer

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognised by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).

### 5th Green Bond Pioneer Awards

Climate Bonds Initiative

Largest Verifier for Certified Climate Bonds of 2019

awarded to Sustainalytics



Climate Bonds  
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### GlobalCapital SRI Awards

**Named**

**2015:** Best SRI or Green Bond Research or Rating Firm  
**2017, 2018, 2019:** Most Impressive Second Opinion Provider



The  
**Green Bond  
Principles**