

Second-Party Opinion

Isle of Man Sustainability Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Isle of Man Sustainability Financing Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Green Loan Principles 2021, Social Bond Principles 2021 and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by both the Green Bond Principles, Green Loan Principles, Social Bond Principles, Social Loan Principles and the Sustainability Bond Guidelines. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, and 15.



PROJECT EVALUATION / SELECTION Isle of Man's internal process in evaluating and selecting projects is performed by the Inter-Departmental Sustainable Bond Committee (the "Committee") after the Treasury has screened an initial list of projects with the various departments. The committee will meet semi-annually. IoM has put in place regulations and consultation processes to mitigate the key environmental and social risks related to the financing/refinancing of eligible projects under the framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Isle of Man's processes for management of proceeds are handled by the Treasury. The Treasury will also establish and maintain a sustainable asset register for the purpose of recording assets and projects in the eligible expenditure pool. The Treasury will manage the unallocated proceeds in line with general liquidity guidelines until allocation. This is in line with market practice.



REPORTING Isle of Man intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include an overview of the allocated proceeds, a breakdown of allocated proceeds by eligible categories, share of financing vs. refinancing and the amount of unallocated proceeds at the reporting end-period. In addition, Isle of Man is committed to reporting on relevant impact metrics. Sustainalytics views Isle of Man's allocation and impact reporting as aligned with market practice.

Evaluation date September 1, 2021

Issuer Location Douglas, Isle of Man

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¹ Clean Transportation, Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Water/Wastewater Management, Climate Change Adaptation, Access to Essential Services - Education, Access to Essential

Introduction

Isle of Man (“IoM”, the ‘Government’, the ‘Country’ or the “Issuer”) has developed the Isle of Man Sustainability Financing Framework (the “Framework”) under which it intends to issue sustainability financing instruments and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that allow IoM to deliver environmentally and socially impactful projects. The Framework defines eligibility criteria in twelve areas:

1. Clean Transportation
2. Renewable Energy
3. Energy Efficiency
4. Environmentally Sustainable Management of Living Natural Resources and Land Use
5. Water/Wastewater Management
6. Climate Change Adaptation
7. Access to Essential Services - Education
8. Access to Essential Services - Healthcare
9. Affordable Housing
10. Employment Generation and Support for SMEs
11. Socio-Economic Advancement and Empowerment
12. Affordable Basic Infrastructure

IoM engaged Sustainalytics to review the IoM Framework, dated September 2021, and to provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG)², Green Bond Principles 2021 (GBP), Green Loan Principles 2021 (GLP), Social Loan Principles 2021 (SLP)³, and Social Bond Principles 2021 (SBP). This Framework has been published in a separate document.⁴

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Green Loan Principles 2021, Social Loan Principles 2021 and Social Bond Principles 2021, as administered by ICMA and LMA;
- Isle of Man’s alignment with the recommendations of the Climate Transition Finance (CTF) Handbook 2020;
- The credibility and anticipated positive impacts of the use of proceeds; and
- 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 1.10.1, 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 IoM’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. IoM representatives have

Services - Healthcare, Affordable Housing, Employment Generation and Support for SMEs, Socioeconomic Advancement and Empowerment and Affordable Basic Infrastructure.

² 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/>

³ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association and are available at: <https://www.lma.eu.com/sustainable-lending>

⁴ The Isle of Man Sustainability Bond Framework is available on Isle of Man’s website at: <https://www.gov.im/sustainablefinance>

⁵ 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.

confirmed (1) they understand it is the sole responsibility of IoM to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and IoM.

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 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 potential allocation of proceeds but does not guarantee the realized allocation of the financing instruments' 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 IoM has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Isle of Man Sustainability Financing Framework

Sustainalytics is of the opinion that the Isle of Man Sustainability Financing Framework is credible, impactful and aligns with the four core components of the SBG, GBP, GLP, SLP and SBP. Sustainalytics highlights the following elements of IoM's Sustainability Financing Framework:

- Use of Proceeds:
 - The eligible categories – (i) Clean Transportation, (ii) Renewable Energy, (iii) Energy Efficiency, (iv) Environmentally Sustainable Management of Living Natural Resources and Land Use, (v) Water/Waste Water Management, (vi) Climate Change Adaptation, (vii) Access to Essential Services - Education, (viii) Access to Essential Services - Healthcare, (ix) Affordable Housing, (x) Employment Generation and Support for SMEs, (xi) Socio-Economic Advancement and Empowerment, (xii) Affordable Basic Infrastructure – are aligned with those recognized by the GBP, GLP, SLP and SBP.
- Use of Proceeds (Green)
 - Under the Clean Transportation category, the Issuer may finance or refinance the following:
 - The acquisition of electric or other zero-emission or hybrid vehicles operating <75gCO₂/p-km. IoM may also finance or refinance other vehicles with emissions <50gCO₂/p-km until 2025. This threshold will fall to 0gCO₂/km starting from 2026. These thresholds are aligned with market practice.
 - Schemes and incentives to support the purchase of zero emission transportation, walking, cycling, and expenditures for related infrastructure (i.e. charging stations and active travel routes). The Issuer has confirmed that such expenditures will exclude parking facilities which are not directly intended for connection to public transport, construction of new roads and refurbishing or retrofitting existing roads. These activities are aligned with market practice.
 - Under the Renewable Energy category, the Issuer may finance or refinance infrastructure relating to import and/or export of renewable energy and development of renewable energy generation capacity such as wind, solar and hydrogen. Additionally, IoM plans on financing or refinancing

- schemes for renewable heat use and energy storage, including heat networks, heat pumps and hydrogen heating. The Issuer has confirmed that hydrogen is produced by electrolysis, which is aligned with market practice.
- Under the Energy Efficiency category, the Issuer may finance or refinance schemes to support the improvement of energy efficiency in the built environment, including the public, residential (including heating, retrofit and insulation), commercial and industrial sectors.⁶ The Issuer has confirmed that eligible schemes are the Energy Efficiency Grant Scheme⁷ and Green Living Grant⁸ which allows homeowners to improve the energy efficiency of their property.
 - While the intent of the schemes is to provide homeowners of less-efficient homes with financial assistance to achieve a two-step EPC label improvement – which corresponds to a 30% improvement in energy performance – Sustainalytics notes that not every recipient in the scheme is obligated to achieve a two-step label improvement. As such, Sustainalytics encourages Isle of Man to target the financing under this scheme for homeowners seeking a two-step label improvement in order to fully align with market practice.
 - Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category the Issuer may finance or refinance the following:
 - Protection and enhancement of terrestrial and marine biodiversity, ecosystems and natural capital such as the Woodlands Grant Scheme. Activities in this scheme include reforestation and tree planting, which are aligned with market practice.
 - Land use and protection, including environmentally sustainable agriculture linked to the Agri-Environment Initiatives Grant Scheme. The scheme, which is overseen and reviewed by the Manx Wildlife Trust, is directed at farmers and aims to provide them with financial assistance to adopt sustainable agriculture practices. The Issuer has confirmed the agricultural practices that are promoted through the scheme, based on a review of this information Sustainalytics considers these to be aligned with sustainable farming techniques. Sustainalytics notes that animal husbandry and livestock related activities are excluded from financing under the Framework.
 - Under the Sustainable Water and Wastewater Management category the Issuer may finance, or refinance programmes designed to preserve water assets, improve the quality of water, sanitation and wastewater treatment. Project and activities may include:
 - Building supply, purification and sewage treatment infrastructure, excluding from fossil fuel operations.
 - Construction, operation, maintenance and upgrades of infrastructures for the management of water resources, increasing water recycling and wastewater treatment facilities.
 - Actions aimed at promoting the efficient use of water and improving the quality of the water environment.
 - Under Climate Change Adaptation the Issuer may finance or refinance flood protection, resilience and risk mitigation programmes including actions agreed in either the Phase One Climate Action Plan⁹ or the Five Year Climate Action Plan.¹⁰ The Issuer confirmed that vulnerability assessments and adaptation plans are carried out prior to project financing. Proceeds may also finance or refinance the development and application of climate monitoring solutions. Example expenditures include sustainable urban drainage projects, such as the use of urban wetlands for flood risk management and increased biodiversity.
 - Use of Proceeds (Transition)
 - Under Clean Transportation, the Issuer may finance seafaring vessels which are not dedicated to the transport of fossil fuels and which comply with one or more of the following criteria:
 - The vessels have zero direct (tailpipe) CO₂ emissions; or

⁶ The Issuer confirmed that no financing within this category will be provided to companies dedicated to fossil-fuels, hard-to-abate carbon intensive activities (cement, steel, aluminum, etc.) or controversial businesses

⁷ <https://www.gov.im/categories/home-and-neighbourhood/energy-efficiency-scheme/energy-efficiency-grant-scheme/>

⁸ <https://www.gov.im/about-the-government/departments/cabinet-office/climate-change-isle-of-man/green-living-grant>

⁹ <https://www.gov.im/media/1368096/gd20190101-iomg-action-plan.pdf>

¹⁰ <https://www.gov.im/media/1373733/5-year-climate-change-plan-consultation-document.pdf>

- Where technologically and economically not feasible to comply with the below criterion:
 - until 31 December 2025, hybrid and dual fuel vessels derive at least 25 % of their energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for their normal operation at sea and in ports; or
 - until 31 December 2025, and only where it can be proved that the vessels are used exclusively for operating coastal and short sea services designed to enable modal shift of freight currently transported by land to sea, the vessels have direct (tailpipe) CO₂ emissions, calculated using the International Maritime Organization (IMO) Energy Efficiency Design Index (EEDI), 50% lower than the average reference CO₂ emissions value defined for heavy duty vehicles (vehicle sub group 5- LH) in accordance with Article 11 of Regulation 2019/1242; or
 - until 31 December 2025, the vessels have an attained Energy Efficiency Design Index (EEDI) value 10% below the EEDI requirements applicable on 1 April 2022, if the vessels are able to run on zero direct (tailpipe) emission fuels or on fuels from renewable sources.
- Sustainalytics classifies the financing of sea faring vessels that are powered at least partially by fossil fuels as a transition activity and recognizes that IoM's criteria are based on a decarbonization trajectory.
 - Sustainalytics recognizes that the financing of less emissions intensive seafaring vessels contributes to a reduction in emissions compared to traditional ocean transport and will reduce the overall transportation-related emissions of the Isle of Man.
 - Sustainalytics' assessment of transition activities is conducted in accordance with the recommendations outlined in the Climate Transition Finance (CTF) Handbook, which was developed by ICMA in 2020,¹¹ as well as relevant sector-specific research. Currently, Sustainalytics' application of the CTF Handbook is limited to financial and non-financial corporate issuers and, therefore, has not been applied to the Isle of Man's Framework. It is also noted that:
 - While sea faring vessels are an integral part of the Isle of Man's economy, it is not a significant industry and, as such, represents a small portion of the total potential allocation under the Framework.
 - The activities financed are not linked to carbon-intensive heavy industries.
- Use of Proceeds (Social)
 - Regarding Access to Essential Services – Education, IoM may finance or refinance expenditures relating to:
 - Providing access to essential educational infrastructure and services through the extension of educational capabilities, improvement of existing educational infrastructure and equipment, and facilitating improved access to individuals from low-income families. Sustainalytics notes that IoM intends to strengthen access to high quality education for the whole population in the Isle of Man through the financing of educational infrastructure and services projects and these expenditures will improve the quality of education for low-income groups as well.
 - Regarding Higher Education, the expenditures include provision of further education funding, grants and loans including University Grants/Student Awards with an objective of increasing higher education access for low-income families. Sustainalytics has noted that IoM has established a family income threshold to identify the recipients of grant funding and that these investments will strengthen access to higher education for sections of IoM population which currently face barriers.
 - Within the Access to Essential Services – Healthcare category, IoM may finance and/or refinance activities and schemes that improve the provision of access to healthcare and emergency services for all, regardless of ability to pay. The intended expenditures in this category include the extension of healthcare capacities, retrofitting or improving the quality of

¹¹ ICMA, "Climate Transition Finance Handbook 2020", (2020), at: [Climate Transition Finance Handbook \(icmagroup.org\)](https://www.icmagroup.org/Climate/Climate-Transition-Finance-Handbook/)

the existing healthcare services through improvements in facilities and equipment. Other schemes within the category include the development of mental healthcare facilities, funding for minor capital works and for Covid response schemes including the development of oxygen plant facilities. Sustainalytics notes that Isle of Man has a public healthcare system accessible for all individuals and these expenditures will further improve the health infrastructure in the island.

- In the Affordable Housing category, IoM intends to finance and/or refinance the extension of social housing supply through new development, improvement of social housing quality and provision of assistance to facilitate ownership. Financing under this category could include assistance for first-time buyers, funding for new affordable housing stock, assistance to local authorities to meet expenditure deficit relating to affordable housing and capital scheme for planned maintenance of affordable housing through the Housing Reserve Fund.¹² Sustainalytics further notes that within this category, the Issuer will target low-income population meeting the criteria set by the housing needs allocation policy.¹³ Sustainalytics has reviewed the related income thresholds and criteria within the affordable housing schemes shared by IoM and confirms that the schemes are well-targeted to provide housing services for underserved and/or low-income individuals.
- Within the Employment Generation and Support for SMEs category, IoM may finance and/or refinance schemes targeting the following groups: unemployed individuals, youth and businesses¹⁴ that have been impacted by extreme events, such as pandemics or natural disasters. Examples of schemes that may be financed includes the following:
 - Increasing employment generation and retention through the Economic Recovery Fund designed to bolster businesses promote innovation, create training and employment opportunities for unemployed individuals.
 - Supporting SMEs facing disruptions to business continuity due to natural disaster, extreme events or public health pandemics through schemes like Coronavirus business support scheme and Micro-business grant scheme for start-up businesses within the first 18 months of trading. IoM has indicated that larger retail businesses with a turnover of above 500,000 GBP will be excluded and the Coronavirus Recovery Scheme guidelines¹⁵ have set qualification criteria for businesses in terms of percentage of turnover reduction during the period. Sustainalytics is of the opinion that the guidelines and qualifying criteria will enable IoM to support businesses most affected from pandemic related disruption.
 - Professional training programmes and the promotion of entrepreneurship including expenditures towards the cost of training, course costs and exam fees for individuals and organizations within the private or third sectors in IoM through the Vocational Training Assistance Scheme (VTAS) which aims to provide grants of up to 30% to develop the skills of the Island's workforce in order to stimulate wider economic benefits. Sustainalytics notes that IoM has established criteria to identify businesses that have been impacted from disruption and expenditures in this regard will generate employment and support businesses affected by disruption and through targeted vocational training programmes which aims to provide individuals who lack access to employment with employment opportunities. Additionally, IoM has disclosed that SMEs targeted under the Micro-business grants scheme will be start-ups within the first 18 months of trading with a turnover between 15,000 GBP and 100,000 GBP. Sustainalytics views these criteria positively and is of the opinion that these investments will have a net positive social impact, while noting the importance of ongoing reporting to provide reassurance on the intended social benefits.
 - Within the Socioeconomic Advancement and Empowerment category, IoM may finance and/or refinance initiatives that improve the well-being and social inclusion of vulnerable population including seniors, people with disabilities, people with low-income, young people and single parents through free legal aid, provision of goods and

¹² The Housing Reserve fund is a scheme through which the IoM government provides finance for housing related projects, in particular the delivery of the Government's social housing policy.

¹³ Isle of Man Government, "PUBLIC SECTOR HOUSING (GENERAL NEEDS) (ALLOCATION) POLICY 2019" at: <https://www.gov.im/media/1346726/public-sector-housing-general-needs-allocation-policy-2019.pdf>

¹⁴ Businesses are required to meet the eligibility criteria of the respective scheme: <https://www.gov.im/media/1364119/grants-assistance-factsheet-sep-20.pdf>

¹⁵ Isle of Man Government, "The Coronavirus Recovery Scheme" (2020) at: <https://www.iomdfenterprise.im/assets/filegrantsassistance/8958415596/Coronavirus-Recovery-Scheme-Guidelines-August-2021.pdf>

services and other assistance services. The examples include welfare benefits, earnings replacement allowance and day care and respite facilities for the elderly and the disabled. Sustainalytics notes that the form of these expenditures are direct financial transfers to individuals, and as such there can be no assurance as to the end use of the proceeds, which represents a distinction from other commonly financed projects in social bonds. Nevertheless, based on the eligibility, programme targeting, and relatively minor amounts disbursed to each individual (as a % of net proceeds), Sustainalytics recognizes the overall positive social impact of these schemes for the targeted individuals.

- Eligible expenditures related to Affordable Basic Infrastructure include financing and/or refinancing projects and activities aimed at increasing or providing access to public services and facilities, sports, leisure and cultural services infrastructure. IoM has indicated that the services relating to sports, leisure and cultural activities will either be free or subsidized to facilitate wider access and coverage. Sustainalytics views this criterion positively.
- All above mentioned green categories may include expenditures related to Research and Development(R&D). While R&D expenditures can have significant positive impacts, it is challenging to quantify the benefits achieved. IoM has confirmed that these shall not exceed 10% of total allocation for any given issuance. Sustainalytics considers this to be in line with market practice.
- Sustainalytics notes that IoM has established a look-back period of three budget years prior to the budget year of issuance for refinancing activities, which is aligned with market practice.
- Sustainalytics positively notes the exclusionary criteria that have been outlined in the Framework which applies to all categories, which includes exclusions for financing exploration and exploitation of fossil fuels, vehicles powered through fossil-fuel combustion and ethanol, nuclear energy generation, manufacturing and production of alcoholic beverages, weapons, and tobacco, gambling and palm oil industries.
- Project Evaluation and Selection:
 - The internal process for the evaluation and selection will be coordinated by the IoM Treasury and the Inter-Departmental Sustainable Bond Committee (the "Committee"). The evaluation and selection of eligible projects and assets will be performed annually by the Committee. The IoM treasury will prepare an initial list of potential eligible expenditures based on an initial screening of budget data. The treasury will then conduct bilateral interactions with relevant government departments to verify the eligibility of individual expenses before submitting a portfolio of eligible expenditures for review to the Committee.
 - The committee will be chaired by the IoM treasury and shall comprise members from the Financial Advisory Service representing various departments, the Treasury Financial Division and the Climate Change Transformation Board. The committee will meet semi-annually to review and approve eligible expenditures, monitor the projects and evaluate their alignment with the framework and facilitate annual impact and allocation reporting. Based on the establishment of a formal committee with cross-departmental representation, Sustainalytics considers this process to be in line with market practice.
 - IoM has put in place regulations and consultation processes to mitigate the key environmental and social risks related to the financing/refinancing of eligible projects under the framework. Sustainalytics considers the regulations and processes to be adequate. Refer to section 2 for additional details.
- Management of Proceeds:
 - IoM Treasury intends to allocate the proceeds of a given green, social, or sustainability bond issuance to eligible expenditures within 24 months from the date of issuance.
 - The net proceeds of any green, social, or sustainable finance proceeds are transferred to a general Treasury cash account of the IoM Treasury and earmarked towards eligible expenditures. IoM Treasury will also establish and maintain a sustainable asset register for the purpose of recording assets and projects in the eligible expenditure Pool. If the funds cannot be immediately and fully allocated to eligible expenditures, the IoM Treasury will manage the unallocated proceeds in line with general liquidity guidelines until allocation.
 - Based on the use of formal systems and commitments to allocation and reallocation timeframes, Sustainalytics considers this process to be in line with market practice.

- Reporting:
 - IoM intends to publicly report on the allocation and impact of proceeds annually until full allocation on its website. IoM may also choose to publish qualitative and quantitative information relating to the nature or identity of assets within the eligible expenditure Pool.
 - The allocation report will contain an overview of the allocation of the issued Green, Social, or Sustainable Bonds to the main categories of eligible expenditures. Besides, the allocation report will include the amount of proceeds allocated to each category, share of financing (social and environmental expenditures) and refinancing (social and environmental expenditures allocated before the issuance), any material developments related to the expenditures and the balance unallocated proceeds at the end of the reporting cycle.
 - IoM will share the progress and positive impact delivered and will provide reporting on relevant impact metrics such as annual GHG emissions reduced, reduction in air/water pollution and number of beneficiaries for social expenditures. For an exhaustive list of impact metrics, please refer to Appendix 1.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Isle of Man Sustainability Financing Framework aligns with the four core components of the GBP, GLP, SLP and SBP. For detailed information please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

Section 2: Sustainability Performance of IoM

Contribution of Framework to Isle of Man's sustainability mandate

Sustainalytics is of the opinion that Isle of Man is committed to environmental and social sustainability. Regarding its commitment to environmental sustainability, the Government has developed the 'Government Action Plan for Achieving Net Zero Emissions by 2050' (the 'Action Plan for Net Zero Emissions').¹⁶ In addition, IoM recognizes the importance of maintaining strong social infrastructure, which is addressed through focus areas within the Programme for Government.¹⁷

The Country's overarching Programme for Government¹⁸ contains 20 objectives grouped into five themes: (i) Enterprise and Opportunity Island, (ii) Responsible Island, (iii) Sustainable Island, (iv) Inclusive and Caring Island, and (v) Healthy and Safe Island.¹⁹ For the remainder of the current administration the focus areas are Economy, Community, Health and Care, and Climate. As part of the Climate focus area, the Action Plan for Net Zero Emissions includes ten policy commitments divided into different action items.²⁰ Amongst those ten commitments are providing incentives and raising standards to reduce emissions from buildings; increasing natural carbon capture opportunities whilst protecting biodiversity and enhancing ecosystems; as well as introducing a Climate Change Bill.²⁰ This Climate Change Bill requires a Five-Year Climate Change Plan to be in operation at all times.²⁰ The Climate Change Plan for 2022 – 2027 has been made available for public consultation in 2021.²¹ Further, IoM has introduced a prioritization methodology appraising potential environmental projects on the basis of their net cost per unit of reduction of CO₂ emissions, whilst increasingly taking account of the social and economic implications within the costs and benefits calculation. The Government also commenced work on a renewable heating strategy to identify the roadmap to achieve the

¹⁶ Isle of Man Government, "Isle of Man Government Action Plan for Achieving Net Zero Emissions by 2050", at: <https://www.gov.im/media/1368096/gd20190101-iomg-action-plan.pdf>

¹⁷ Isle of Man Government, "Programme of Government", at: <https://www.gov.im/about-the-government/council-of-ministers/the-council-of-ministers/programme-for-government/>

¹⁸ Isle of Man Government, "Programme of Government", at: <https://www.gov.im/about-the-government/council-of-ministers/the-council-of-ministers/programme-for-government/>

¹⁹ Isle of Man Government, "Our Island: A special place to live and work", at: https://www.gov.im/media/1370642/2020-0058-programme-for-government-y4-final_compressed.pdf

²⁰ Isle of Man Government, "Isle of Man Government Action Plan for Achieving Net Zero Emissions by 2050", at: <https://www.gov.im/media/1368096/gd20190101-iomg-action-plan.pdf>

²¹ Isle of Man Government, "Consultation on the outline and principles for the first statutory climate change plan 2022-2027", at: https://consult.gov.im/cabinet-office/climate-change-plan-2022-2027/supporting_documents/Climate%20Change%20Plan%20Consultation%20Document%2029.7.21.pdf

decarbonization of heating systems, which account for a significant proportion of the Country's GHG emissions.²²

The above plans include the following targets to achieve IoM's commitment to net zero carbon emissions by 2050:

- Securing 75% of IoM's electricity from renewable sources by 2035. The progress report states three out of five action items related to this commitment have been commenced. This commitment is also supported by the Future Energy Scenarios which highlights five possible pathways to deliver net zero emissions from electricity by 2050.²³
- Net zero carbon emissions transport by 2050 including the action item of developing an all-island charging network by 2030. The progress report states that Manx Utilities Authority have appointed a supplier for electric vehicle charging infrastructure. Additional charging locations have been installed for example in Ballasalla, Port Erin and St Johns and plans for further stations are in progress.

In addition to IoM's environmental commitments, the importance of delivering positive social impact is equally recognised by the Programme for Government. As a result of the COVID-19 pandemic the Government set up an Economic Recovery Programme delivered under six strategic work streams. These fall into different target time horizons – immediate, medium and longer term – aiming at protecting jobs, securing investment and encouraging growth.²⁴ In order to tackle issues in the health and care space, IoM set up the Transformation Programme to secure a clinically and financially sustainable health and care system.¹⁸ Following 26 recommendations of an independent review of the system, IoM is implementing these recommendations for example by establishing "Manx Care", which is responsible for the service delivery functions of the Department of Health and Social Care.²⁵

Sustainalytics is of the opinion that the Isle of Man Sustainability Finance Framework is aligned with the Government's overall sustainability strategy and initiatives and will further IoM's action on its key environmental and social priorities.

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

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, stakeholder relations, biodiversity loss and waste and pollution.

Sustainalytics is of the opinion that IoM is able to manage potential risks through implementation of the following:

- IoM manages stakeholder relationships through public consultations. The Government provides a tool to the public in order to express opinions on Government proposals in a specific area of work.²⁶ The IoM's Engagement Hub provides the platform for this communication facilitating a dialogue on the development of policy, projects and legislation.²⁷ Specifically with regards to climate change, IoM formed the 'Citizen's Forum on Climate Change', a focus group up to inform research and policy regarding climate change issues.²⁸
- The Environmental Protection Unit regulates waste and water pollution including air and river water quality and pollution control monitoring. These activities are underpinned by the Water Pollution Act

²² Isle of Man Government, "Delivery highlights of the first phase Climate Change Action Plan", at: <https://www.gov.im/about-the-government/departments/cabinet-office/climate-change-isle-of-man/phase-one-progress-update/>

²³ Isle of Man Government, 'Isle of Man Future Energy Scenarios Report', at: <https://www.gov.im/about-the-government/departments/cabinet-office/climate-change-isle-of-man/isle-of-man-future-energy-scenarios-report/>

²⁴ Isle of Man Government, "About the Economic Recovery Programme", at: <https://covid19.gov.im/economic-recovery/about-the-economic-recovery-programme/>

²⁵ Isle of Man Government, "Health and Care Transformation", at: <https://www.gov.im/about-the-government/departments/cabinet-office/health-and-care-transformation/>

²⁶ Isle of Man Government, "Government consultations", at: <https://www.gov.im/about-the-government/government/government-consultations/>

²⁷ Isle of Man Government, "Engagement hub", at: <https://consult.gov.im/>

²⁸ Isle of Man Government, "Citizens' Forum on Climate Change", at: <https://www.gov.im/about-the-government/departments/cabinet-office/climate-change-isle-of-man/citizens-forum-on-climate-change/>

1993, which covers inland and coastal waters as well as deposits in the sea²⁹ and Public Health Act 1990.³⁰

- IoM has a Biodiversity Strategy and Delivery Plan in place which has three strategic aims: (i) managing biodiversity changes to minimize loss of species and habitats; (ii) maintaining, restoring and enhancing native biodiversity, where necessary and (iii) involving society in understanding, appreciating and safeguarding biodiversity.³¹
- The Human Rights Act 2001 was passed into law by IoM incorporating fundamental rights and freedoms in the European Convention on Human Rights (ECHR) into domestic law. The Act ensures that all public authorities act in compliance with the main articles of the ECHR.³²
- The Framework excludes financing or refinancing any activities that may be associated with exploration and exploitation of fossil fuels, vehicles powered through fossil-fuel combustion and ethanol, nuclear energy generation, manufacturing and production of alcoholic beverages, weapons and tobacco, gambling and palm oil industries.
- The IoM has implemented regulations to require businesses and employers to adopt measures for delivering health and safety in the workplace. The Management of Health and Safety at Work Regulations 2003 requires all employers to assess the health and safety issues in their work.³³ Additionally, the Construction (Design and Management) Regulations 2003 aim to improve the overall management and coordination of health, safety and welfare throughout all stages of a construction project.³⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that IoM has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All twelve use of proceeds categories are aligned with those recognized by GBP, GLP, SLP or SBP. Sustainalytics has focused on the following where the impact is specifically relevant in the local context.

Importance of renewable energy in Isle of Man

As of 2013, the share of renewable energy sources for electricity generation on Isle of Man was 3.2%³⁵ and as of 2018 fossil fuel-based electricity generation contributed to 33% of all of GHG emissions at Isle of Man.³⁶ The Isle of Man's Action Plan for Achieving Net Zero Emissions by 2050 establishes a target to ensure 75% of the island's electricity needs come from renewable sources by 2035.³⁷ To help achieve these goals, the Isle of Man is actively financing its renewable energy generation, for example, to increase the renewable share of its electricity generation, a draft Prior Information Notice (PIN) for at least 20MW of onshore renewable energy has been developed. A similar PIN shall be drafted for offshore wind projects to model the future electricity grid requirements in the coming years.³⁷

Sustainalytics is of the opinion that Isle of Man's investments in renewable energy generation will support the Country in reaching its net zero targets.

²⁹ Isle of Man Government, "Water pollution act", at: <https://www.gov.im/media/1366438/water-pollution-act-1993.pdf>

³⁰ Isle of Man Government, "Environmental Protection Unit", at: <https://www.gov.im/about-the-government/departments/environment-food-and-agriculture/environment-directorate/environmental-protection-unit/>

³¹ Isle of Man Government, "Biodiversity Strategy and Delivery Plan", at: <https://www.gov.im/about-the-government/departments/environment-food-and-agriculture/environment-directorate/ecosystem-policy-and-energy/wildlife-biodiversity-and-protected-sites/biodiversity-strategy-and-delivery-plan/>

³² Isle of Man Government, "Human Rights", at: <https://www.gov.im/about-the-government/departments/cabinet-office/human-rights/>

³³ Isle of Man Government, "Legislation", at: <https://www.gov.im/about-the-government/departments/environment-food-and-agriculture/environment-safety-and-health-directorate/health-and-safety-at-work-inspectorate/legislation/>

³⁴ Isle of Man Government, "Construction (design and management) regulations 2003 application and notification", at: <https://www.gov.im/media/630701/constructiondesignmanagementre.pdf>

³⁵ Isle of Man Government, "A Report by the Council of Ministers on the Renewable Energy Target", at: <https://www.gov.im/media/629117/renewableelectricitytarget.pdf>

³⁶ Isle of Man Government, "Isle of Man Future Energy Scenarios", at https://www.gov.im/media/1373571/future-energy-scenarios-supporting-document_compressed.pdf

³⁷ Lempriere, M. (2020), "The Isle of Man targets renewables and all-island EV network net zero plan," Current at <https://www.current-news.co.uk/news/the-isle-of-man-targets-renewables-and-all-island-ev-network-net-zero-plan>

Importance of clean transportation in Isle of Man

As of 2017, the transport sector contributed to 19% of Isle of Man's total GHG emissions³⁸ with passenger cars being the largest contributor to the sector.³⁸ In recognition of the climate impact of its transport sector, the Isle of Man has established a plan to finance clean transportation and decarbonize both its land- and sea-based transport. Currently, there are only 400 EVs registered on the island, while there are over 30 charging stations in place, demonstrating the gap between the use and availability of electric vehicles and related infrastructure.³⁹ To help address this issue, the Isle of Man aims to have at least 10,000 EVs registered by 2030 with appropriate home and public charging stations in place.⁴⁰ In addition to the land-based transportation emissions, ocean transportation also acts as a contributor to Isle of Man's GHG emissions, representing approximately 8% of the Country's total transport related emissions.³⁸ To address the emissions of its ocean transportation sector, the Isle of Man is actively financing investments in sea freight vessels with reduced emissions, which will align with the criteria outlined in the EU Delegated Act and assist the Country in its transition to zero-emissions transportation.

Given the above, Sustainalytics is of the opinion that investments in low carbon transportation initiatives will support Isle of Man in reaching its climate change goals of achieving net zero by 2050.

Healthcare facilities in the Isle of Man

Isle of Man has financed several independent reviews of its health and social care over the years, all of which pointed to the clinically and financially unsustainable nature of the system.⁴¹ The prevalent system also did not offer the best value in terms of outcomes or costs. These assessments demonstrated the need for some fundamental changes in the system to ensure best and transparent services available to the present and future generations.

In order to provide a more transparent healthcare system, the Government Programme has proposed a single public sector organization, to be called, "Manx Care", which would be the one stop solution for availing health care services. Under Manx Care, there will exist an integrated health and care delivery system with dedicated well-being hubs in all four regions of the island.⁴² There is also increased focus on providing relevant mental health care facilities which have risen globally post the pandemic.⁴³ The Manx care mandate shall provide mental health services to its citizens from children and young adults to elderly people. There are set response times for the different mental health assessments and a physical health check for all its citizens with serious mental illnesses. The threat of the pandemic continues to exist and precautionary measures to avoid a collapse of medical infrastructure is required. Isle of Man is developing dedicated Covid response schemes such as call centres and oxygen plant facilities.

In view of the above, Sustainalytics notes that investments in expanding public healthcare capacities, and improving quality of healthcare services, including preventive and curative measures, will increase access to healthcare across the island.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The financing instruments issued under the Isle of Man Sustainability Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	11 – Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road

³⁸ Hampshire. K (2019), "Guide to Isle of Man Greenhouse Gas Inventory", at <https://www.gov.im/media/1368099/appendix-2-a-isle-of-man-ghg-inventory-report.pdf>

³⁹ Vannin, E. (2020), "Isle of Man 'pay as you go charging' rolled out", BBC News at : <https://www.bbc.com/news/world-europe-isle-of-man-55062097>

⁴⁰ Isle of Man Government, "Moving Towards Low Emission Travel A Policy for Surface Transport & Electric Vehicles", at : <https://www.gov.im/media/1365922/low-emission-travel-a-policy-for-surface-transport-and-electric-vehicles-gd-2019-0010.pdf>

⁴¹ Isle of Man Government, "Independent Review of the Isle of Man Health and Social Care System", at <https://www.gov.im/media/1365880/independent-health-and-social-care-review-final-report-summary.pdf>

⁴² Isle of Man, "DHSC Mandate to Manx Care" (2021) at <https://www.gov.im/media/1372259/dhsc-mandate-to-manx-care-2021-gc-0021.pdf>

⁴³ The Isle of Man Sustainable Finance Framework is available at <https://www.gov.im/sustainablefinance>

		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
Renewable Energy	7 - Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support
Energy Efficiency	7 - Affordable and Clean Energy 9 - Industry , Innovation and Infrastructure	7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Environmentally Sustainable Management of Living Natural Resources and Land Use & Terrestrial and Aquatic Biodiversity Conservation	2 - Zero Hunger 15 - Life on Land	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 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Water/Wastewater Management	6 - Clean Water and Sanitation	6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate
Climate Change Adaptation	13 - Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2 Integrate climate change measures into national policies, strategies and planning

Access to Essential Services - Education	4 – Quality Education	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
Health	3 – Good Health and Well - Being	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
Affordable Housing	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
SMEs	8 – Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Socio-Economic Advancement	8 – Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Conclusion

The Isle of Man has developed the Isle of Man Sustainable Financing Framework under which it may issue sustainability bonds and/or loans and use the proceeds to finance projects that are anticipated to have positive environmental and social impacts and advance the country's transition to a low-carbon economy.

The Isle of Man 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 Isle of Man Framework is aligned with the overall sustainability and transition strategies of the Country and views the transition-related activities of the Framework to contribute to the Country's decarbonization of its transport sector. The use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, and 15. Additionally, Sustainalytics is of the opinion that Isle of Man has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Sustainalytics is of the opinion that the Isle of Man Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018), Social Bond Principles (2020), Social Loan Principles (2021) and Green Loan Principles (2021). Sustainalytics has also assessed Isle of Man's alignment with the recommendations of the Climate Transition Finance Handbook, considers the Country's transition strategy to be adequate overall. Based on the above, Sustainalytics is confident that Isle of Man is well-positioned to issue green, social, and sustainability bonds and loans.

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Isle of Man
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Isle of Man Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 30, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds⁴⁴ are aligned with those recognized by both the Green Bond Principles, Green Loan Principles, Social Bond Principles, Social Loan Principles and the Sustainability Bond Guidelines. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 2, 3, 4, 6, 7, 8, 9, 11, 12, 13, and 15.

Use of proceeds categories as per GBP:

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

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

Use of proceeds categories as per SBP:

- | | |
|---|--|
| ☐ Affordable basic infrastructure | ☒ Access to essential services |
| ☒ Affordable housing | ☒ Employment generation (through SME financing and microfinance) |
| ☐ Food security | ☒ Socioeconomic advancement and empowerment |
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | ☐ Other (please specify): |

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

⁴⁴ Clean Transportation, Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Water/Wastewater Management, Climate Change Adaptation, Access to Essential Services - Education, Access to Essential Services - Healthcare, Affordable Housing, Employment Generation and Support for SMEs, Socioeconomic Advancement and Empowerment and Affordable Basic Infrastructure.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Isle of Man's internal process in evaluating and selecting projects is performed by the Inter- Departmental Sustainable Bond Committee (the "Committee") after the treasury screens an initial list of projects through with the various departments. The Committee is comprised of members from the Financial Advisory Service representing various departments, the Treasury Financial Division and the Climate Change Transformation Board. The committee will meet semi-annually. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| ☒ Credentials on the issuer's social and green objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☐ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☐ Summary criteria for project evaluation and selection publicly available | ☐ Other (please specify): |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Isle of Man's processes for management of proceeds is handled by the Treasury. The IoM Treasury will also establish and maintain a sustainable asset register for the purpose of recording assets and projects in the eligible expenditure pool. The IoM Treasury will manage the unallocated proceeds in line with general liquidity guidelines until allocation. 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:

- | | |
|---|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
|---|---|

- | | |
|--|--|
| ☐ Allocation to individual disbursements | ☒ Allocation to a portfolio of disbursements |
| ☐ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Isle of Man intends to report on allocation of proceeds on its website, on an annual basis, until full allocation. Allocation reporting will include an overview of the allocated proceeds, a breakdown of allocated proceeds by eligible categories, share of financing vs. refinancing and the amount of unallocated proceeds at the reporting end-period. In addition, Isle of Man is committed to reporting on relevant impact metrics. Sustainalytics views Isle of Man's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

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

Information reported:

- | | |
|---|---|
| ☒ Allocated amounts | ☐ Sustainability Bond financed share of total investment |
| ☐ Other (please specify): | |

Frequency:

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

Impact reporting:

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

Information reported (expected or ex-post):

- | | |
|---|---|
| ☒ GHG Emissions / Savings | ☒ Energy Savings |
| ☒ Decrease in water use | ☒ Number of beneficiaries |
| ☒ Target populations | ☐ Other ESG indicators (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (please specify): | |

Means of Disclosure

- | | |
|---|--|
| ☐ Information published in financial report | ☒ Information published in sustainability report |
| ☐ Information published in ad hoc documents | ☐ Other (please specify): |
| ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

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

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- | | |
|--|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification / Audit | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

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.

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