

## Second-Party Opinion

# JPMorgan Chase & Co. Sustainable Bond Framework

## Evaluation Summary

Sustainalytics is of the opinion that the JPMorgan Chase & Co. Sustainable Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Renewable and Clean Energy, Sustainable Transportation, Small Business, Affordable Housing, Home Ownership, Education and Healthcare – are aligned with those recognized by both the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 7, 8, 9, 10 and 11.



**PROJECT EVALUATION / SELECTION** JPMorgan Chase's Sustainability Group will be responsible for evaluating and selecting projects in line with the eligibility criteria under the Framework. The Sustainability Group consists of internal teams that are responsible for JPMorgan Chase's sustainability initiatives, such as groups in JPMorgan Chase's corporate responsibility organization. The Firm separately carries out an environmental and social risk review based on internal frameworks for environmental and social risk management. This applies to all projects selected for inclusion in the Sustainable Asset Portfolio. Based on the presence of cross-functional oversight for project selection and the presence of risk management processes, Sustainalytics considers this to be in line with market practice.



**MANAGEMENT OF PROCEEDS** The Sustainability Group will be responsible for the management and allocation of proceeds to eligible projects. The proceeds will be tracked on a portfolio basis in accordance with the JPMorgan Chase's internal framework for attestation, control and governance. JPMorgan Chase has communicated to Sustainalytics that it intends to reach full allocation to the Sustainable Asset Portfolio within one year of each issuance. Pending allocation, proceeds will be held in cash, cash equivalents or other high quality liquid assets. Sustainalytics is of the opinion that JPMorgan Chase's processes for management of proceeds are in line with market practice.



**REPORTING** JPMorgan Chase intends to report on the allocation of proceeds on its website on an annual basis while issuances are outstanding. This may include management's assertion that an amount equal to the net outstanding proceeds from all outstanding issuances either has been allocated to the Sustainable Asset Portfolio or invested temporarily. In addition, JPMorgan Chase will report, where feasible, on environmental and social impact metrics. Sustainalytics considers this to be in line with market practice.



**Evaluation date** October 13, 2022<sup>1</sup>

**Issuer Location** New York, U.S.

### Report Sections

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<sup>1</sup> In July 2020, JPMorgan Chase & Co. published the JPMorgan Chase & Co. Sustainable Bond Framework; Sustainalytics provided a [Second-Party Opinion](#) on the use of proceeds categories outlined in the document. This document is an update to that Second-Party Opinion.

## Introduction

JPMorgan Chase & Co. (“JPMorgan Chase”, “JPMC” or the “Firm”) is a leading financial services firm based in the United States of America (the “US”), with operations worldwide. JPMorgan Chase had USD 3.7 trillion in assets and USD 294.1 billion in stockholders’ equity as of December 31, 2021. The Firm operates in the following areas: investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing, and asset management. Under the JPMorgan and Chase brands, the Firm serves millions of customers, predominantly in the US, and many corporate, institutional and government clients globally.

JPMC has developed the JPMorgan Chase & Co. Sustainable Bond Framework (the “Framework”) under which the Firm and its subsidiaries intend to issue green, social and sustainability bonds.<sup>2</sup> The proceeds will be used to finance or refinance, in whole or in part, existing and future projects that are expected to support the transition towards a low-carbon economy and support inclusive growth primarily in the US. The Framework defines eligibility criteria in eight areas:

1. Green Buildings
2. Renewable and Clean Energy
3. Sustainable Transportation
4. Small Business
5. Affordable Housing
6. Home Ownership
7. Education
8. Healthcare

JPMC engaged Sustainalytics to review the JPMorgan Chase & Co. Sustainable Bond Framework, dated October 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2021 (SBP).<sup>3</sup> The Framework will be published in a separate document.<sup>4</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>5</sup> opinion on the alignment of the reviewed Framework with 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, and Social Bond Principles 2021, as administered by ICMA;
- 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 1.12, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various representatives of JPMorgan Chase & Co. 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. JPMorgan Chase & Co. representatives have confirmed (1) they understand it is the sole responsibility of JPMorgan Chase & Co. 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

<sup>2</sup> The Firm has confirmed that it will be responsible for ensuring alignment of the issuance with the criteria defined with the Framework.

<sup>3</sup> The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles 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>4</sup> The JPMorgan Chase & Co. Sustainable Bond Framework will be available at: [www.jpmorganchase.com/SustainableBondFramework](http://www.jpmorganchase.com/SustainableBondFramework)

<sup>5</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.

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 JPMorgan Chase & Co.

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. Upon twenty-four (24) months following the evaluation date set stated herein, JPMorgan Chase & Co. is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized 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 JPMorgan Chase & Co. has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the JPMorgan Chase & Co. Sustainable Bond Framework

Sustainalytics is of the opinion that the JPMorgan Chase & Co. Sustainable Bond Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the JPMorgan Chase & Co. Sustainable Bond Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Renewable and Clean Energy, Sustainable Transportation, Small Business, Affordable Housing, Home Ownership, Education, and Healthcare – are aligned with those recognized by the GBP and SBP. Sustainalytics notes that expenditures related to eligible green and social projects are expected to contribute to the transition towards a low-carbon economy and support inclusive growth.
  - Under the Green Buildings category, JPMC intends to finance or refinance the development, construction, installation, operation, acquisition, maintenance and upgrade of new or existing commercial or residential buildings that have obtained one of the following green buildings certifications: (i) LEED Gold or above, (ii) Energy Star 85 or above (for commercial buildings), or (iii) Enterprise Green Communities for multifamily high-rise buildings. Sustainalytics views the green buildings certification schemes to be credible and the levels selected to be aligned with market practice.
  - Under the Renewable and Clean Energy category, JPMC intends to finance or refinance the development, transmission construction, installation, operation, acquisition, maintenance and upgrade of renewable energy projects, including: (i) onshore and offshore wind energy, (ii) solar energy, (iii) geothermal energy facilities with direct emissions of less than 100 gCO<sub>2</sub>/kWh, and (iv) hydrogen produced with electricity sourced from renewable energy. JPMC has confirmed to Sustainalytics that the production of hydrogen includes electrolysis of water. Sustainalytics considers these expenditures to be aligned with market practice.
  - Under the Sustainable Transportation category, JPMC intends to finance or refinance vehicles with zero tailpipe emissions and clean mass transportation with a direct emissions threshold of

- lower than 50 gCO<sub>2</sub> per passenger-kilometre.<sup>6</sup> Sustainalytics considers these expenditures to be in line with market practice.
- Under the Small Business category, JPMC intends to provide financing or refinancing to small businesses<sup>7</sup> in the following target groups as defined by the US Bureau of the Census in the most recent decennial census: (i) low- and moderate-income (LMI) areas<sup>8</sup> or (ii) majority (>50%) Black, Hispanic and Latino census tracts.<sup>9</sup> Sustainalytics considers this to be good practice for small business lending.
  - Under the Affordable Housing category, JPMC intends to finance or refinance the following projects:
    - Multifamily rentals subject to the U.S Government’s Low-Income Housing Tax Credit program,<sup>10</sup> or the US Department of Housing and Urban Development’s (HUD) Section 8 program.<sup>11</sup>
    - Projects with a majority of housing units affordable to, reserved for, or restricted to individuals who earn less than (i) 80% of the area median income (AMI) or (ii) 120% of the AMI for properties located in high-cost areas, as defined by the HUD.<sup>12</sup>
      - JPMC communicated to Sustainalytics that financed projects will be evaluated to ensure affordability on a periodic basis for as long as the project remains in the portfolio. Projects that no longer meet the affordability criteria will be removed from the portfolio.
    - Sustainalytics notes that JPMC will finance the construction and development expenses of homes where the majority of the dwellings are affordable. In Sustainalytics’ opinion, it is best practice that at least 90% of the units financed meet the affordability criteria and further recognizes that, despite this constraint, financing buildings where less than 90% of units meet the affordability criteria will nonetheless have some positive impact.<sup>13</sup>
  - Under the Home Ownership category, JPMC intends to finance home purchases and refinance loans to (i) LMI individuals or (ii) Black, Hispanic and/or Latino individuals based on data collected under the Home Mortgage Data Act (HMDA).<sup>14</sup> The expenditure aims to increase equity, affordability and access to housing in the US. JPMC has advantageous loan and fair lending policies in place. For more details, please see section 2. Sustainalytics considers this to be good practice for home ownership lending.
  - Under the Education category, JPMC intends to finance or refinance projects that promote access to education in LMI areas. This includes lending to non-profit or public sector organizations that provide services which are accessible regardless of the ability to pay. Sustainalytics believes that there is positive social impact in financing such projects in LMI regions where financial barriers exist for accessing essential services. Sustainalytics further notes that the Firm confirms it will finance only the projects and facilities that are aimed at providing free and affordable services in LMI regions.<sup>15</sup>
  - Under the Healthcare category, JPMC intends to finance or refinance projects which improve access to healthcare in LMI geographies. This includes lending to non-profit or public sector organizations that provide services which are accessible regardless of the ability to pay. Sustainalytics believes that there is positive social impact in financing such projects in LMI

<sup>6</sup> Sustainalytics notes that JPMC has not communicated which test procedure will be used for vehicles complying with the set threshold. Different test procedures can achieve varying results in actual vehicle CO<sub>2</sub> emissions, whether they intend to replicate real-driving conditions (such as the WLTP) or are based on a theoretical driving profile (such as the NEDC). Hence, Sustainalytics further encourages, where feasible, to report on the test procedure used to determine the emissions intensity of the vehicles to be financed.

<sup>7</sup> Small businesses are defined to those with less than USD 20 million in revenue, as JPMC communicated to Sustainalytics.

<sup>8</sup> JPMC will select LMI regions based on census tract data.

<sup>9</sup> US Census Bureau, “Decennial Census”, (2021), at: <https://www.census.gov/programs-surveys/decennial-census/about/rdo/summary-files.html#P1>

<sup>10</sup> HUD, “Low-Income Housing Tax Credit (LIHTC)”, at: <https://www.huduser.gov/portal/datasets/lihtc.html>

<sup>11</sup> HUD, “Section 8 program”, at: [https://www.hud.gov/topics/housing\\_choice\\_voucher\\_program\\_section\\_8](https://www.hud.gov/topics/housing_choice_voucher_program_section_8)

<sup>12</sup> HUD “Methodology for Calculating FY 2021 Medians”, at: <https://www.huduser.gov/portal/datasets/il/il21/Medians-Methodology-FY21.pdf>

<sup>13</sup> This is not intended to imply that it is preferable that affordable units be concentrated at high percentages in certain buildings. Indeed, there are benefits associated with buildings that have a mix of affordable units and units that do not meet affordability criteria. Sustainalytics’ stance merely reflects the view that allocation only to affordable units creates a stronger link between bond proceeds and positive impact.

<sup>14</sup> US Consumer Financial Protection Bureau, the Home Mortgage Data Act (HMDA) at: <https://www.consumerfinance.gov/data-research/hmda/>

<sup>15</sup> JPMC has committed not to finance whole education systems with their sustainable bonds, where free/affordable services are offered partially, which may be relevant especially in the US context where healthcare and education services may be costly compared to other geographies.

- areas where financial barriers exist for accessing essential services. Sustainalytics further notes that the Firm confirms it will finance only the projects and facilities that are aimed at providing free and affordable services in LMI regions.<sup>16</sup>
- Sustainalytics positively notes the exclusionary criteria which apply to all categories under the Framework and cover the following areas: exploration, production and transportation of fossil fuels, consumption of fossil fuels for the purpose of power generation, nuclear energy, and exploitation of human rights, modern slavery and child labour.
  - Project Evaluation and Selection:
    - JPMC's Sustainability Group will be responsible for evaluating and selecting projects in line with the eligibility criteria under the Framework. The Sustainability Group consists of internal teams that are responsible for JPMC's sustainability initiatives, such as groups in JPMC's Corporate Responsibility organization.
    - The Sustainability Group may select eligible projects for inclusion in the Sustainable Asset Portfolio for up to 24 months from the date of JPMC's financing, investment, or disbursement of funds for those eligible projects. Moreover, once a project has been selected, it will remain part of that pool unless or until it is in default, has terminated, has been sold, is no longer outstanding or no longer meets the eligibility criteria.
    - JPMC separately carries out an environmental and social risk review based on internal frameworks for environmental and social risk management. This applies to all projects selected for inclusion in the Sustainable Asset Portfolio. For additional details, please see Section 2.
    - Based on the presence of cross-functional oversight for project selection and the presence of risk management processes, Sustainalytics considers this to be in line with market practice.
  - Management of Proceeds:
    - The Sustainability Group will be responsible for the management and allocation of proceeds to eligible projects. The proceeds will be tracked on a portfolio basis in accordance with the Firm's internal framework for attestation, control and governance
    - JPMC intends to reach full allocation to the Sustainable Asset Portfolio within one year of each issuance.<sup>17</sup> Pending allocation, proceeds will be held in cash, cash equivalents or other high quality liquid assets.
    - Based on the existence of internal tracking mechanisms to allocated proceeds and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
  - Reporting:
    - JPMC commits to disclosing allocation reporting publicly on an annual basis while issuances are outstanding in its annual ESG report. This may be accompanied with an attestation from an independent accountant or ESG consultant.
    - Allocation reporting will include management's assertion that the aggregate nominal of all Eligible Projects included in the Sustainable Asset Portfolio meets or exceeds the aggregate net proceeds from all outstanding sustainable bonds issued under this Framework, or in the event of any shortfall invested temporarily.
    - JPMC will report publicly, where feasible, on qualitative and quantitative environmental and social impact metrics, which may include GHG emissions avoided for green categories, the number of affordable housing units or the number of eligible social projects.
    - Based on JPMC's commitment to make allocation and, where feasible, impact reporting publicly available, Sustainalytics considers the reporting process to be in line with market practice.

### Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the JPMorgan Chase & Co. Sustainable Bond Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

<sup>16</sup> JPMC has committed not to finance whole healthcare systems with their sustainable bonds, where free/affordable services are offered partially, which may be relevant especially in the US context where healthcare and education services may be costly compared to other geographies

<sup>17</sup> JPMC directly communicated to Sustainalytics the intended allocation period.

## Section 2: Sustainability Strategy of JPMC

### Contribution of the Framework to JPMC's sustainability strategy

Sustainalytics is of the opinion that JPMC demonstrates a commitment to sustainability in the following three key areas: (i) green activities aimed at implementing sustainable energy solutions and supporting the transition towards a low-carbon economy; (ii) development financing that mobilizes capital to advance the SDGs in emerging economies; and (iii) community development advancing economic inclusion in developed markets.<sup>18</sup>

JPMC has set a Sustainable Development Target to finance and facilitate more than USD 2.5 trillion between 2021 and 2030, to help address climate change and contribute to sustainable development.<sup>19</sup> JPMC commits to aligning key sectors of its financing portfolio with the Paris Agreement, measuring GHG emissions of clients involved in the Firm's financing portfolio based on its own carbon methodology, and setting sector-specific and portfolio-level GHG emission-reduction targets.<sup>20</sup> In this context, JPMC aims to reduce the carbon intensity in the following portfolios: (i) oil and gas scope 1 and 2 by 35% and scope 3 by 15%; (ii) electric power by 69%; and auto manufacturing by 41% by 2030 with 2019 as the baseline year for these targets.<sup>21</sup> The Firm's commitment to Paris-alignment is an important step toward accelerating the low-carbon energy transition and encouraging near-term actions that will set a path for achieving net-zero emissions by 2050.<sup>22</sup> Moreover, JPMC focuses on providing sustainable financing and investing solutions, including asset management; sustainable investment offerings; ESG-related financing solutions; underwriting of green, social and sustainability bonds; and supporting the firm's efforts in providing sustainability solutions to institutional investors.<sup>23</sup>

In 2020, JPMC set a USD 30 billion racial equity commitment, with the goal to advance racial equity, promote inclusive growth and help close the racial wealth gap among Black, Hispanic and Latino communities.<sup>24</sup> With regard to homeownership, JPMC aims to originate 40,000 home purchase loans adding up to USD 8 billion and refinance 20,000 mortgages amounting to USD 4 billion for Black, Hispanic and Latino households by 2025.<sup>25</sup> To expand affordable housing, JPMC aims to finance the creation and preservation of 100,000 affordable rental units through mobilizing USD 14 billion in new loans, equity investment and other efforts.<sup>26,27</sup>

As part of its sustainability strategy, JPMC has issued three sustainable bonds as of August 2021. This includes a USD 1.25 billion green bond issuance, of which an amount equal to the net proceeds has been allocated to support nine renewable energy investments in wind, solar and geothermal projects across the US. These projects are expected to produce approximately 7,000 GWh of electricity annually.<sup>28</sup> An additional USD 1 billion green bond issuance, of which an amount equal to the net proceeds has been allocated to support seven wind and solar projects, is expected to generate 6,000 GWh of electricity annually.<sup>29</sup> As part of the Firm's USD 1 billion social bond issuance, JPMC allocated an amount equal to the net proceeds to support affordable housing projects across the US.<sup>30</sup>

Sustainalytics is of the opinion that the JPMorgan Chase & Co. Sustainable Bond Framework is aligned with the Firm's overall sustainability strategy and initiatives and will further its action on its key environmental and social priorities.

<sup>18</sup> JPMorgan Chase & Co., "ESG Report", (2021), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2021.pdf>

<sup>19</sup> JPMorgan Chase & Co., "Our Approach to our Sustainable Development Target", (2021), at:

<https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-sdt-approach-2021.pdf>

<sup>20</sup> JPMorgan Chase & Co., "Carbon Compass Methodology", at: <https://www.jpmorgan.com/solutions/cib/investment-banking/center-for-carbon-transition/carbon-compass>

<sup>21</sup> JPMorgan Chase & Co., "Paris-Aligned Financing Commitment", at: <https://www.jpmorganchase.com/impact/sustainability/es-commitments>

<sup>22</sup> Ibid.

<sup>23</sup> JPMorgan Chase & Co., "ESG Report", (2021), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2021.pdf>

<sup>24</sup> JPMorgan Chase & Co., "ESG Report", (2021), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2021.pdf>

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> JPMorgan Chase & Co., "Green Bond Annual Report", (2021), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2021.pdf>

<sup>29</sup> JPMorgan Chase & Co., "Green Bond Annual Report", (2021), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/green-bond-annual-report-2021.pdf>

<sup>30</sup> JPMorgan Chase & Co., "Social Bond Annual Report", (2022), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/2022-social-bond-report.pdf>

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that an amount equivalent to the net proceeds from the sustainable financing instruments issued under the Framework will be allocated to eligible projects that are anticipated to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include land use and biodiversity issues associated with large-scale infrastructure development, effluents and waste generated in construction, ESG risks associated with activities carried out by the financed businesses, and, issues related to predatory lending, community relations and stakeholder participation and business ethics.

Sustainalytics is of the opinion that JPMC is able to manage or mitigate potential risks by implementing the following:

- To address land use and biodiversity issues, effluents and waste generated in construction, and ESG risks associated with activities carried out by the financed businesses, JPMC has established an Environmental and Social Policy Framework, which includes governance requirements for consistent identification, escalation and management of transactions and activities that may present increased environmental and social risks. At the transaction level, JPMC assesses a client's commitment and capacity to manage environmental and social issues, reviews its associated track record and engages with the client to discuss environmental and social practices.<sup>31</sup>
- To tackle issues related to predatory lending, community relations and stakeholder participation, JPMC has established a Code of Conduct to ensure compliance with laws and regulations, ethical decision making, avoidance of conflicts of interest and a diverse and inclusive working environment. The code includes guiding principles to help govern conduct with clients, customers, suppliers, markets and the communities in which JPMC operates, among other stakeholders. Further, JPMC has set up internal mechanisms for confidential reporting of any violation of its Code of Conduct.<sup>32</sup> JPMC has also set policies to ensure fair and affordable lending practices.<sup>33,34</sup>
- Throughout its community relations and stakeholder engagement approach, JPMC commits to engaging with non-profit organizations, civic leaders and consumer policy groups to improve racial equity throughout the Firm's products and services.<sup>35</sup>
- With respect to business ethics, JPMC has developed an anti-corruption compliance policy<sup>36</sup> and a modern slavery group statement.<sup>37</sup>
- The Firm is a signatory to the Equator Principles, which applies to transactions linked to financing a specific asset and provides a minimum standard for environmental and social diligence. JPMC's support for human rights is also guided by other internationally recognized principles to assess environmental and social impacts and promote responsible performance, such as the UN Universal Declaration of Human Rights, and the Wolfsberg Principles on anti-money laundering.<sup>38</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that JPMC 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 eight use of proceeds categories are aligned with those recognized by the GBP or the SBP. Sustainalytics has focused on three below where the impact is specifically relevant in the regional context.

<sup>31</sup> JPMorgan Chase & Co., "Environmental and Social Policy Framework", (2021), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/environmental-and-social-policy-framework.pdf>

<sup>32</sup> JPMC, "Code of Conduct", (2022), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/code-of-conduct.pdf>

<sup>33</sup> JPMC, "Fair Lending Statement", at: <https://www.chase.com/personal/mortgage/fair-lending/fair-lending-overview>

<sup>34</sup> JPMC, "Putting home ownership within reach", at: <https://www.chase.com/personal/mortgage/affordablelending>

<sup>35</sup> JPMC, "Environmental, Social & Governance Report", (2021), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2021.pdf>

<sup>36</sup> JPMC, "JPMC Commitment to Anti-Corruption Compliance", at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-commitment-to-anti-corruption-compliance.pdf>

<sup>37</sup> JPMC, "Modern Slavery Group Statement", at: [https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/JPMC-Group-Statement-on-Modern-Slavery-FY2020\\_Final-w-signature.pdf](https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/JPMC-Group-Statement-on-Modern-Slavery-FY2020_Final-w-signature.pdf)

<sup>38</sup> JPMorgan Chase & Co., "Environmental and Social Policy Framework" Section D. Prohibited Activities, (2021), at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/environmental-and-social-policy-framework.pdf>

### Importance of Affordable Housing Investments in the US

After steady reductions from 2010 to 2016, homelessness in the US has increased considerably, with about 580,000 people across the country experiencing homelessness in 2020, a 2.2% year-on-year increase.<sup>39</sup> Part of this increase can be attributed to the economic collapse brought on by the COVID-19 pandemic, which has had a disproportionate impact on low-income families, many of whom have struggled to remain safely and stably housed largely due to the severe shortage of affordable homes for individuals with the lowest incomes even before the pandemic began.

Low-income households face a continual shortage of affordable housing as approximately 70% of these households regularly spend more than half of their incomes on rent. This, in effect, suggests that such families are compelled to make tradeoffs between spending on rent and other necessities such as food, transportation, and healthcare, with little or no ability to save.<sup>40</sup> In the same vein, the number and share of cost-burdened renters are also on the rise among middle-income households. Although there continue to be efforts from the HUD in developing strategies to increase the supply of affordable housing, such as a USD 35 billion Housing Supply Fund,<sup>41</sup> studies carried out by the Harvard Joint Centre for Housing in 2021 found that approximately 56% of the middle-income households in the US spent more than 30% of their income in housing costs, while an additional 12% put even more than half of their income towards rent.<sup>42</sup>

To alleviate affordable housing shortages in the US, housing development at the scale required will need state-sponsored support and private sector investments. In this context and considering the eligibility thresholds used by JPMC, Sustainalytics views positively investments in affordable housing projects in the US.

### Impact of Green Buildings in Reducing GHG Emissions in the US

Buildings are responsible for a large share of the total energy consumption in the US. Residential and commercial buildings together account for approximately 40% of the total US energy consumption<sup>43</sup> and 72% of the national electricity consumption.<sup>44</sup>

The US ranked 10<sup>th</sup> among the world's top energy-consuming countries in the Energy Efficiency Scorecard of the American Council for an Energy-Efficient Economy, which analyzes building efficiency policies and performance.<sup>45</sup> As the current stock of residential dwellings in the US consists largely of older buildings,<sup>46</sup> it is essential to recognize the long-lasting positive environmental impact of upgrading buildings to fit modern green building codes.<sup>47</sup> As an example, findings have shown that green buildings certified with LEED consume 25% less energy and 11% less water than non-green buildings.<sup>48</sup>

Despite the COVID-19 pandemic, the Global Alliance for Buildings and Construction found that spending on energy efficiency in the buildings sector rose by an unprecedented 11.4% in 2020 to approximately USD 184 billion compared to 2019. This is, however, still a small share of the USD 6 trillion spent globally in the buildings and construction sector that same year.<sup>49</sup>

In this context, Sustainalytics is of the opinion that JPMC's investments in certified green buildings under the Framework, including those certified by the LEED, ENERGY STAR and Enterprise Green Communities schemes, have the potential to significantly reduce GHG emissions associated with the Firm's real estate investment portfolio.

<sup>39</sup> HUD, "HUD Releases 2020 Annual Homeless Assessment Report Part 1", published March 2021 at: [https://www.hud.gov/press/press\\_releases\\_media\\_advisories/hud\\_no\\_21\\_041](https://www.hud.gov/press/press_releases_media_advisories/hud_no_21_041)

<sup>40</sup> National Low Income Housing Coalition, The Gap: A Shortage of Affordable Homes, (2021), at: [https://nlihc.org/sites/default/files/gap/Gap-Report\\_2021.pdf](https://nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf)

<sup>41</sup> HUD, "2023 Budget in Brief", (2022), at: [https://www.hud.gov/sites/dfiles/CFO/documents/2023\\_BudgetInBriefFINAL.pdf](https://www.hud.gov/sites/dfiles/CFO/documents/2023_BudgetInBriefFINAL.pdf)

<sup>42</sup> Joint Center for Housing Studies of Harvard University, "America's Rental Housing", (2022), at: [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_Americas\\_Rental\\_Housing\\_2022.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2022.pdf)

<sup>43</sup> U.S. Energy Information Administration, "FAQ", at: <https://www.eia.gov/tools/faqs/faq.php?id=86&t=1>

<sup>44</sup> EPA, "Electricity Customers", at: <https://www.epa.gov/energy/electricity-customers#commercial>

<sup>45</sup> American Council for an Energy Efficient Economy, "The 2022 International Energy Efficiency Scorecard", at: <https://www.aceee.org/sites/default/files/pdfs/i2201.pdf>

<sup>46</sup> Statista, "Age of homes in the U.S. 2021", at: <https://www.statista.com/statistics/1042458/home-age-usa/>

<sup>47</sup> World Green Building Council, "The Benefits of Green Buildings", at: <https://www.worldgbc.org/benefits-green-buildings>

<sup>48</sup> World Green Building Council, "About Green Building – The Benefits of Green Buildings", at: <https://www.worldgbc.org/benefits-green-buildings>

<sup>49</sup> Global Alliance for Buildings and Construction, "2021 Global Status Report for Buildings and Construction", (2021), at: [https://globalabc.org/sites/default/files/2021-10/GABC\\_Buildings-GSR-2021\\_BOOK.pdf](https://globalabc.org/sites/default/files/2021-10/GABC_Buildings-GSR-2021_BOOK.pdf)

### Importance of Increasing the Share of Renewable Energy in the US

The electricity generation sector is the second largest source of GHG emissions in the US, accounting for 25% of the country’s total GHG emissions in 2020.<sup>50</sup> As of 2020, 60% of US electricity generation comes from fossil fuels, such as natural gas, coal, and petroleum, and 20% comes from nuclear energy.<sup>51</sup> From 1990 to 2019, GHG emissions from electricity generation decreased by 10% due to the increase in renewable energy and energy efficiency.<sup>52</sup> Although renewable energy generation in the US has experienced significant growth since 2008, it accounted for only 20.1% of the country’s total electricity generated in 2021.<sup>53</sup> More specifically, wind energy contributed 9.2% to total electricity generation in the country, while solar energy contributed 2.8% in the same year.<sup>54</sup>

Projections show a likely increase in US renewables to approximately 35% of the total capacity by 2030.<sup>55</sup> However, this figure is well below the projected proportion of renewables in the global energy system of 40% by the same year.<sup>56</sup> Therefore, significantly more investments in renewable energy are required to meet the Paris Agreement climate target of limiting temperature increases to well below 2°C.<sup>57</sup>

According to the National Renewable Energy Laboratory, currently available technologies have the potential to increase renewable energy capacity to account for 80% of US electricity generation by 2050, including through wind and solar.<sup>58</sup> In 2021, the US government set a goal to reach 100% carbon-free electricity by 2035, which is expected to further add to the renewable energy momentum in the country.<sup>59</sup> Considering the above, Sustainalytics believes that the renewable energy investments proposed under the Framework are expected to contribute to the clean-energy transition in the US.

### Alignment with/contribution to SDGs

The Sustainable Development Goals were set in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds issued under the JPMorgan Chase & Co. Sustainable Bond Framework advance the following SDGs and targets:

| Use of Proceeds Category   | SDG   | SDG Target   |
|----------------------------|---|--|
| Green Buildings            | 9. Industry, Innovation, and Infrastructure | 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. |
| Renewable and Clean Energy | 7. Affordable and Clean Energy              | 7.3 By 2030, increase substantially the share of renewable energy in the global energy mix   |
| Sustainable Transportation | 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  |

<sup>50</sup> EPA, “Sources of Greenhouse Gas Emissions”, at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#electricity>

<sup>51</sup> US Energy Information Administration, “Electricity Explained”, at: <https://www.eia.gov/energyexplained/electricity/electricity-in-the-us.php>

<sup>52</sup> US Environmental Protection Agency, “Sources of Greenhouse Gas Emissions”, at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#electricity>

<sup>53</sup> US Energy Information Administration, “U.S. energy facts explained”, (2020), at: <https://www.eia.gov/energyexplained/us-energy-facts/>

<sup>54</sup> US Energy Information Administration, “What is U.S. Electricity Generation by Source?”, at: <https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

<sup>55</sup> US Energy Information Administration, “Annual Energy Outlook 2022” (2022), at:

[https://www.eia.gov/outlooks/aeo/ppt/AEO2022\\_ReleasePresentation.pptx](https://www.eia.gov/outlooks/aeo/ppt/AEO2022_ReleasePresentation.pptx)

<sup>56</sup> IEA, “World Energy Outlook 2021” (2021) at: <https://iea.blob.core.windows.net/assets/4ed140c1-c3f3-4fd9-acae-789a4e14a23c/WorldEnergyOutlook2021.pdf>

<sup>57</sup> International Renewable Energy Agency, “Renewable Energy: A Key Climate Solution”, (2017) at:

[https://www.irena.org//media/Files/IRENA/Agency/Publication/2017/Nov/IRENA\\_A\\_key\\_climate\\_solution\\_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98](https://www.irena.org//media/Files/IRENA/Agency/Publication/2017/Nov/IRENA_A_key_climate_solution_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98)

<sup>58</sup> US National Renewable Energy Laboratory, “Renewable Electricity Futures Study”, at: <https://www.nrel.gov/docs/fy13osti/52409-ES.pdf>

<sup>59</sup> The White House, “FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies”, (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

|                    |   |   |
|--------------------|---|---|
|                    |   | transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons  |
| Small Business     | 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 |
| 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.  |
| Home Ownership     | 10. Reduce Inequality within and among Countries. | 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.   |
| Education          | 4. Quality Education                              | 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes   |
| 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.   |

## Conclusion

JPMorgan Chase & Co. has developed the JPMorgan Chase & Co. Sustainable Bond Framework, under which JPMC and its subsidiaries may issue green, social or sustainability bonds and use the proceeds to finance projects under the Green Buildings, Renewable Energy, Sustainable Transportation, Small Business, Affordable Housing, Home Ownership, Education and Healthcare categories. Sustainalytics considers that the projects funded by the green, social or sustainability bond proceeds are expected to provide positive environmental and socio-economic impacts.

The JPMorgan Chase & Co. Sustainable Bond Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Firm and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 7, 8, 9, 10 and 11. Additionally, Sustainalytics is of the opinion that JP Morgan Chase & Co. has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that JPMorgan Chase & Co. is well positioned to issue green, social or sustainability bonds and that the Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and the Social Bond Principles 2021.

## Appendix

### Appendix 1: Sustainability Bond / Sustainability Bond Programme – External Review Form

#### Section 1. Basic Information

|  |   |
|--|---|
| <b>Issuer name:</b>  | JPMorgan Chase & Co.  |
| <b>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:</b>                           | JPMorgan Chase & Co. Sustainable Bond Framework               |
| <b>Review provider's name:</b>   | Sustainalytics  |
| <b>Completion date of this form:</b>   | October 13, 2022  |
| <b>Publication date of review publication:</b><br><b>Original publication date [please fill this out for updates]:</b> | Update to the SPO provided by Sustainalytics on July 10, 2020 |

#### 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:

- |  |  |
|--|--|
| <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.

#### 4. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds –Green Buildings, Renewable and Clean Energy, Sustainable Transportation, Small Business, Affordable Housing, Home Ownership, Education and Healthcare – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 7, 8, 9, 10 and 11.

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

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input 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 (please specify):   |

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

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

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

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

JPMC's Sustainability Group will be responsible for evaluating and selecting eligible projects. JPMC carries out an environmental and social risk review based on internal frameworks for environmental and social risk management. Sustainalytics considers this project selection process to be aligned 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 type="checkbox"/> Summary criteria for project evaluation and selection publicly available                           | <input type="checkbox"/> Other (please specify):  |

### 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):

JPMC's Sustainability Group will be responsible for the management and allocation of proceeds to eligible projects. The proceeds will be tracked on a portfolio basis in accordance with the Firm's internal framework for attestation, control and governance. JPMC intends to allocate all bond proceeds to the Sustainable Asset Portfolio within one year from the date of each issuance. Sustainalytics considers this to be aligned with market practice.

### Tracking of proceeds:

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

### Additional disclosure:

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

- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

#### 4. REPORTING

Overall comment on section (if applicable):

JPMC intends to report on allocation and impact of financing provided on an annual basis while issuances are outstanding. This report will be made publicly available and may be accompanied with an attestation from an independent accountant or ESG consultant. Sustainalytics considers this to be in line 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): Number of affordable housing units financed, the number of eligible social projects

#### Frequency:

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

**Means of Disclosure**

- |   |  |
|---|--|
| <input type="checkbox"/> Information published in financial report  | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents  | <input type="checkbox"/> Other (please specify):                                   |
| <input type="checkbox"/> 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:**

- |  |  |
|--|--|
| <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.

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For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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