Second-Party Opinion

PKO Bank Hipoteczny SA Green Covered Bond

Evaluation Summary

Sustainalytics is of the opinion that the PKO Bank Hipoteczny SA Green Covered Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:

USE OF PROCEEDS The eligible category for the use of proceeds is recognized by the Green Bond Principles. Sustainalytics considers that the green buildings category will lead to positive environmental impacts such as mitigating GHG emissions.

PROJECT EVALUATION / SELECTION PKO Bank Hipoteczny SA has established a dedicated Green Covered Bond Committee, comprised of representatives from the treasury, the residential mortgage loans office, the risk office, the compliance office, and the cover pool register office. The Green Covered Bond Committee will oversee the entire Green Covered Bond process, including the evaluation and selection of eligible loans, and will meet regularly (at least once annually) in order to conduct an additional analysis on the selected mortgages to ensure continuous compliance with the eligibility criteria. The committee reports directly to PKO’s Management Board. This process is in line with market practice.

MANAGEMENT OF PROCEEDS PKO Bank Hipoteczny SA will assign the net proceeds from the issuance of green covered bonds to a portfolio of loans that meets the use of proceeds eligibility criteria, and intends to allocate all proceeds within 24 months of issuance. PKO Bank Hipoteczny SA will hold or invest any unallocated green covered bonds net proceeds in its liquidity portfolio in financial market instruments, in alignment with the Polish Act of 29 August 1997 on Covered Bonds and Mortgage Banks. This process is in line with market practice.

REPORTING PKO Bank Hipoteczny SA commits to disclosing allocation and impact reports on a yearly basis on its website. The allocation report will provide the total amount of proceeds allocated to eligible loans, number of eligible loans, balance of unallocated proceeds, while the impact report will give information on relevant quantifiable metrics.

Evaluation date 04 June 2019
Issuer Location Gdynia, Poland

Report Sections

Introduction ................................................................. 2
Sustainalytics’ Opinion ............................................. 3
Appendices ................................................................. 7

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1 The SPO was updated on 4 June 2019 to clarify which eligibility criteria align with the CBI Residential Building Criteria.
Introduction

PKO Bank Hipoteczny (PKO BH, the “bank” or the “company”) is a specialized mortgage bank based in Poland which offers mortgage loans to retail customers. PKO Bank Polski SA is the sole shareholder of PKO BH, and is part of the PKO Bank Polski Group. PKO BH is operationally integrated with its parent bank, PKO Bank Polski SA, and leverages the broader Group’s distribution network, IT infrastructure and risk assessment standards as well as joint mortgage product offer.

PKO BH has developed the PKO Bank Hipoteczny SA Green Covered Bond Framework (the “Framework”) under which it is planning to issue multiple green covered bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that mitigate the environmental impact of climate change through GHG emissions avoidance. The Framework defines one eligibility criteria: Residential Green Buildings.

A list of the specific criteria used by PKO to define Green Buildings is provided in Appendix 1.

PKO BH engaged Sustainalytics to review the PKO Bank Hipoteczný SA Green Covered Bond Framework, dated April 2019, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP). This Framework has been published in a separate document.

As part of this engagement, Sustainalytics held conversations with various members of the PKO BH 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 PKO BH’s green covered bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the PKO Bank Hipoteczny SA Green Covered Bond Framework and should be read in conjunction with that Framework.

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2 The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

3 The PKO Bank Hipoteczny Green Covered Bond Framework is available at PKO BH’s website at: https://www.pkobh.pl/en/investor-relations/
Sustainalytics’ Opinion

Section 1: Sustainalytics’ Opinion on the PKO Bank Green Covered Bond Framework

Summary
Sustainalytics is of the opinion that the PKO Bank Hipoteczny SA Green Covered Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of PKO’s Green Covered Bond Framework:

- **Use of Proceeds:**
  - The eligible category (Green Buildings) for the use of proceeds is recognized as impactful by the Green Bond Principles 2018. Sustainalytics views the financing of energy efficient residential buildings and apartments as having a positive environmental impact in Poland (for additional information on impact, please see Section 3).
  - In order to develop its eligibility criteria for energy efficient buildings, PKO BH has relied on an external consultant that developed a methodology for selecting buildings and apartments based on energy performance. As a result of this engagement, multiple eligibility criteria for Eligible Green Buildings, divided between single-family and multi-family houses, have been established. Criteria 1 and 2 establish energy consumption thresholds for selecting buildings that are within the top 15% most carbon efficient in the Polish building stock, while criteria 4 and 5 do the same based on year of construction and compliance with relevant Polish building codes. Criteria 5 defines Eligible Green Buildings as those which have achieved a minimum improvement in carbon emissions or energy consumption of at least 30% (see Appendix 1 for the full criteria). Sustainalytics has reviewed the methodology and considers it to be credible. Furthermore, Sustainalytics notes that criteria 3 and 4 and the element of criteria 5 concerning carbon emissions are aligned with the Climate Bond Initiative’s (CBI) Low Carbon Buildings Standard, specifically the Residential Buildings Criteria. Compliance with the technical criteria of the CBI is viewed as a robust approach that aligns PKO’s Use of Proceeds criteria with a 2-degree global warming scenario. PKO BH does not specify a lookback period for loan origination in its framework. However, Sustainalytics notes that two of its 5 criteria for eligible green buildings specify that the building should comply with the 2017 building code. Furthermore, PKO commits to reporting on the share of new financing vs. refinancing in its Eligible Green Loan Portfolio.

- **Project Evaluation and Selection:**
  - PKO BH has established a dedicated Green Covered Bond Committee, comprised of representatives from the treasury office, the residential mortgage loans office, the risk office, the compliance office, the controlling office and the cover pool register office. The committee reports directly to PKO’s Management Board.
  - The Green Bond Committee will oversee the entire Green Covered Bond process, including the evaluation and selection of eligible loans, and will meet regularly (at least once annually) in order to conduct additional analysis on the selected mortgages to ensure continuous compliance with the eligibility criteria. Sustainalytics notes that this process is in line with market practice and highlights the broad representation on the company’s Green Bond Committee.

- **Management of Proceeds:**
  - PKO BH will assign the net proceeds from the issuance of green covered bonds to an Eligible Green Loan Portfolio. The bank intends to designate enough eligible loans in the Eligible Green Loan Portfolio to ensure that the outstanding balance of the Eligible Green Loan Portfolio exceeds the total balance of all green covered bonds at the date of maturity. Sustainalytics notes that PKO intends to allocate all proceeds within 24 months of issuance. Furthermore, PKO will hold or invest any unallocated green covered bond net proceeds in its liquidity portfolio in financial market instruments, in alignment with the Polish Act of 29 August 1997 on Covered Bonds and Mortgage Banks. Sustainalytics considers this process to be aligned with market practice.

- **Reporting:**

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4 Climate Bonds Initiative, “Residential Buildings Criteria Overview”, at: https://www.climatebonds.net/standard/buildings/residential
- PKO BH commits to providing investors with an allocation report within one year of issuance of green covered bonds and on an annual basis until the covered bonds have been fully repaid. Reporting will be available on the company’s website. The allocation report will provide the total amount of outstanding proceeds allocated to eligible loans, number of eligible loans, balance of unallocated proceeds and the amount or percentage of new financing and refinancing. This process is in line with market practice.
- As with allocation reporting, PKO BH also commits to reporting on its impact on a yearly basis through a dedicated report on its website. The impact report will provide information such as: estimated annual energy savings in MWh and estimated annual GHG emissions avoided in CO₂ equivalent. Sustainalytics views this process to be in accordance with market practice.

Alignment with Green Bond Principles 2018
Sustainalytics has determined that the PKO BH green covered bond aligns with the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of PKO BH

Contribution of framework to issuer’s sustainability strategy
As part of the PKO Bank SA Group, PKO BH is committed to the same sustainability policies and CSR strategy as defined by the parent company.⁵ PKO Bank Polski Group considers that a combination of social justice and environmental protection is essential for managing change towards a sustainable global economy.⁶ PKO Bank Polski Group also views environmental responsibility and supporting sustainable growth as part of its business activities.⁷

Within its Commitment to environmental responsibility,⁸ PKO Bank Polski Group commits to sustainable development and to minimizing its operational impact on the natural environment, undertaking several actions aimed at limiting its environmental footprint and, also, implementing initiatives conceived to: optimize printouts and reduce the use of paper, conserve electricity and power, recycle amortised computer hardware and mobile devices, collect wastepaper, batteries and toners, and digitalise documentation. PKO Bank Polski Group’s Director Report 2018 provides guidelines on how the environment should be considered throughout the bank’s business activities, such as investing in energy-saving and pro-ecological projects and technologies, taking into account issues related to the environmental impact of financing projects, and cooperating with local authority units (LAUs), through financing environmentally-friendly projects and pro-environmental modernization of public service facilities.⁹

In terms of sustainable investments, PKO Bank Polski Group finances (i) LAUs, including ecological projects which represent 11.4% of the total amount of financing for businesses and public entities (loans and debt securities included)¹⁰ and (ii) investments in the generation of energy from renewable sources, the discharge and treatment of sewage, the management of waste and reclamation which make up 1.4% of the total amount of financing for business and public entities.¹¹ Moreover, PKO Bank Polski Group’s investments in the mining

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sector have not changed significantly over the last several years, representing only 2.2% of the loan portfolio for business and public entities (2.3% at the end of 2016). Additionally, both PKO Bank Polski Group and PKO BH have joined the Energy Efficient Mortgages Initiative Pilot Scheme, a project that aims to encourage borrowers to buy energy-efficient properties or to improve the energy efficiency of existing buildings.

Given PKO Bank Polski Group’s sustainability strategy and commitments, as well as sustainability reporting, Sustainalytics believes that PKO BH is well positioned to issue green covered bonds, and that these bonds will further enhance PKO BH’s and the broader Group’s approach to green finance.

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

Sustainalytics recognizes that although the use of proceeds categories have clear environmental benefits, the eligible projects may include potential risks. The main risks associated with the eligible projects involve workers’ health and safety and waste while constructing or refurbishing residential green buildings and land use risks for new developments.

Sustainalytics notes that as a mortgage provider, PKO BH has limited involvement in the construction and refurbishment of the properties it provides financing for. However the bank has confirmed to Sustainalytics that it has an internal process in place to verify all loan recipients undertaking construction or refurbishment work have received the necessary permits that ensure regulatory compliance. In this regard, Sustainalytics notes that Poland is classified as a designated country by the equator principles, indicating the presence of sufficient environmental and social regulations to mitigate against severe risks. As such, Sustainalytics considers that the environmental and social risks associated with residential properties in Poland are adequately mitigated.

Section 3: Impact of Use of Proceeds

The use of proceeds category is recognized as impactful by Green Bond Principles. Sustainalytics has focused below on where the impact is specifically relevant in local context.

Contribution of Green Buildings to Poland’s GHG mitigation goals

In 2016, Poland, the second largest consumer of coal in the EU and the 10th largest globally, was the fifth most polluting country in the EU, generating around 9% of total EU GHG emissions (1% of global emissions). As a member of the EU, Poland commits to EU climate change mitigation goals, such as reducing its GHG emissions by 7% by 2030 and becoming carbon neutral by 2050. In order to mitigate GHG emissions and climate change, Poland set up three strategic policies outlining its energy policies and programmes: the Energy Policy of Poland until 2030 (EPP 2030), the Strategy for Energy Security and Environment (2014), and the Energy Policy of Poland until 2050 (EPP 2050), which commits the country to significantly reducing its share of coal and improving the country’s energy efficiency.

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17 Environmental and Energy Study Institute, “Poland’s Transition to a Cleaner Economy”, at: https://www.eesi.org/articles/view/polands-transition-to-a-cleaner-economy.
Furthermore, while the residential and commercial buildings sector accounts for more than 40% of the final energy consumption in the EU, producing 36% of CO2 emissions, on a global scale, the building sector takes up 30% of global energy consumption and emits 28% of the total GHG emissions. In 2015, the Polish commercial and residential building sectors generated around 14% of its total GHG emissions. Additionally, Poland experienced a period of rapid growth in green buildings between 2016-2017, when over 10 million square meters of the usable area of all types of buildings was certified to an external green building standard.

In this context, Sustainalytics positively views PKO BH’s financing of green building projects, as it will reduce the national GHG emissions and support Poland in reaching its climate change targets.

Alignment with/contribution to SDGs
The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green covered bond advances the following SDG goals and targets:

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>SDG</th>
<th>SDG target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Buildings</td>
<td>Green</td>
<td>7. Affordable and Clean Energy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7.3 By 2030, double the global rate of improvement in energy efficiency</td>
</tr>
</tbody>
</table>

Conclusion
PKO BH has developed the PKO Bank Hipoteczny SA Green Covered Bond Framework, under which it intends to issue green covered bonds and use the proceeds to fund green buildings in Poland, which will mitigate the environmental impact of climate change through GHG emissions reduction. Sustainalytics is further of the opinion that the initiatives described in the Framework will advance the UN Sustainable Development Goals, in particular Goal 7: Affordable and Clean Energy.

Sustainalytics anticipates that the financing of loans to eligible projects specified in the Framework will provide environmental benefits and support PKO BH in promoting its sustainability strategy, sustainable development and environmental responsibility. In addition, PKO BH’s processes for project evaluation and selection as well as management of proceeds and reporting are aligned with market practice.

Based on the above, Sustainalytics considers the PKO BH Green Covered Bond Framework to be credible and transparent, and in alignment with the four core components of the Green Bond Principles 2018.

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Appendices

Appendix 1: PKO’s Eligibility Criteria for Green Residential Buildings

New or existing residential buildings representing the TOP 15% low carbon buildings in Poland: 25
1) Single-Family House with an annual energy consumption less than or equal to 95 kWh per square meter per year. Multi-Family House with an annual energy consumption less than or equal to 85 kWh per square meter and year.

2) Single-Family House or Multi-Family House with an Energy Performance Certificate (EPC) available, stating the annual energy demand less than or equal to 95 kWh per square meter per year for single-family house and less or equal 85 kWh per square meter per year for multi-family house.

3) Single-Family House or Multi-Family House with an Energy Performance Certificate (EPC) available, stating the polish technical condition TC 2017 or newer (e.g TC 2017, TC 2021 or Nearly-Zero Energy Building).

4) Single-Family House or Multi-Family House which are built after the year 2017, based on the year of construction.

Existing residential buildings in Poland, which have undergone a property upgrade (major renovations, refurbishment, thermo-modernization or efficiency upgrade):

5) Single-Family House or Multi-Family House which fulfil a reduction in building’s carbon emissions or energy consumption of at least 30% or more through the property upgrade. The level of percentual reduction is based on the green bond duration. Bond duration up to 5 years = 30% reduction. For longer bonds, the level of reduction linear increases up to 50% for a bond term of 30 years. 27

As part of its engagement process with Sustainalytics, PKO BH provided a third-party report produced by Drees & Sommer, a Stuttgart, Germany, based consulting company. Drees & Sommer has developed a methodology to identify selection criteria to be used for PKO BH’s green covered bond issuance that specificity residential properties within the top 15% for energy performance in the country and an approach for identifying buildings that have achieved a carbon emissions or energy consumption reduction of at least 30% and possibly more depending on the duration of the bond. Based on Drees & Sommer’s analysis, the above-mentioned eligibility criteria related to the absolute performance threshold constitute the top 12% of residential buildings in terms of energy performance in the Polish market. Sustainalytics highlights that this is within the range of the top 15% require by the Climate Bond Standard.

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25 Threshold is subject to change, based on year of bond issuance, bond duration and is mandatory to comply with the developed low carbon trajectories for single-family or multi-family house as part of PKO-BH’s Green Bond Methodology. The threshold would be adjusted downwards and in compliance with the CBI criteria for low carbon buildings in addition to PKO’s own methodology.

26 Linear decreasing bond term applies, based on low carbon trajectories for single-family or multi-family house.

27 The level of percentual reduction is based on the green bond duration. Bond duration up to 5 years = 30% reduction. For longer bonds, the level of reduction linear increases up to 50% for a bond term of 30 years.
Appendix 2: Green Covered Bond / Green Covered Bond Programme - External Review Form

Section 1. Basic Information

<table>
<thead>
<tr>
<th>Issuer name:</th>
<th>PKO Bank Hipoteczny SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:</td>
<td>PKO Bank Hipoteczny SA Green Covered Bond Framework</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Review provider’s name:</th>
<th>Sustainalytics</th>
</tr>
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<tbody>
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<td>Completion date of this form:</td>
<td>4 June 2019</td>
</tr>
<tr>
<td>Publication date of review publication:</td>
<td>Updated from version published 15 May 2019</td>
</tr>
</tbody>
</table>

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF REVIEW PROVIDER

☒ Consultancy (incl. 2nd opinion)  □ Certification
□ Verification  □ Rating

☐ Other (please specify):

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

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

Please refer to Evaluation Summary above.
Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds is recognized by the Green Bond Principles. Sustainalytics considers that the green buildings category will lead to positive environmental impacts such as mitigating GHG emissions.

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:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

PKO Bank Hipoteczny SA has established a dedicated Green Covered Bond Committee, comprised of representatives from the treasury, the residential mortgage loans office, risk office, the compliance office, the controlling office and the cover pool register office. The Green Covered Bond Committee will oversee the entire Green Covered Bond process, including the evaluation and selection of eligible loans, and will meet regularly (at least once annually) in order to conduct an additional analysis on the selected
mortgages to ensure continuous compliance with the eligibility criteria. The committee reports directly to PKOs Management Board. This process is in line with market practice.

**Evaluation and selection**

- Credentials on the issuer’s environmental sustainability objectives
- Defined and transparent criteria for projects eligible for Green Covered Bond proceeds
- Summary criteria for project evaluation and selection publicly available
- Documented process to determine that projects fit within defined categories
- Documented process to identify and manage potential ESG risks associated with the project
- 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):

PKO Bank Hipoteczny SA will assign the net proceeds from the issuance of green covered bonds to a portfolio of loans that meets the use of proceeds eligibility criteria, and intends to allocate all proceeds within 24 months of issuance. PKO Bank Hipoteczny SA will hold or invest any unallocated green covered bonds net proceeds in its liquidity portfolio in financial market instruments, in alignment with the Polish Act of 29 August 1997 on Covered Bonds and Mortgage Banks. This process is in line with market practice.

**Tracking of proceeds:**

- Green Covered 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:**
4. REPORTING

Overall comment on section (if applicable):

PKO Bank Hipoteczny SA commits to disclosing allocation and impact reports on a yearly basis on its website. The allocation report will provide the total amount of proceeds allocated to eligible loans, number of eligible loans, balance of unallocated proceeds, while the impact report will give information on relevant quantifiable metrics.

Use of proceeds reporting:

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

**Information reported:**

- ☒ Allocated amounts
- □ Green 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):

**Frequency:**

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

**Information reported (expected or ex-post):**
Means of Disclosure

☐ Information published in financial report
☐ Information published in sustainability report
☒ Information published in ad hoc documents
☐ 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.)

http://www.raportroczny2017.pkobp.pl/en

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion) ☐ Certification
☐ Verification / Audit ☐ Rating
☐ Other (please specify):

Review provider(s):

Date of publication:

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

i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer’s adviser for its Green 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 Green Bond Principles. In particular, it can include an assessment of the issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental 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 environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally 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 Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green 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 Bond Scoring/Rating: An issuer can have its Green Bond, associated Green 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 performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.
Disclaimer

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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world’s leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

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

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