

Second-Party Opinion

Sovcombank Social Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Sovcombank Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Zero-Interest Installment Cards for Low-to-Medium Income Individuals, is aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that the eligible category will lead to positive social impacts by improving to Access to Financial Services and advance the UN Sustainable Development Goals, specifically SDGs 1 and 8.



PROJECT EVALUATION / SELECTION Sovcombank has charged its Corporate and Investment Banking division with reviewing the installment card portfolio to ensure compliance with the Framework. This process is in line with market practice.



MANAGEMENT OF PROCEEDS The proceeds will earmarked for allocation to the eligible portfolio of instalment card loans. The Corporate and Investment Banking division will manage this process. Pending allocation, proceeds may be temporarily held in line with the Bank's liquidity policy. This process is in line with market practice.



REPORTING Sovcombank will report annually on the amount allocated to the installment card portfolio, as well as disclose any unallocated proceeds. The reporting will also include impact metrics, in the form of demographic information such as age and income distribution as well as spending categories.

Evaluation date	September 4, 2020
Issuer Location	Moscow, Russia

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For inquiries, contact the Sustainable Finance Solutions project team:

Zach Margolis (Toronto)

Project Manager
zach.margolis@sustainalytics.com
(+1) 647 695 4341

Katherine Jacome (Toronto)

Project Support
katherine.jacome@sustainalytics.com
(+1) 647 265 0835

Jean-Claude Berthelot (Amsterdam)

Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Sovcombank (the “Bank” or the “Issuer”) is a Russian financial institution, providing banking services to retail and corporate clients. Sovcombank is the third-largest privately-owned bank in Russia by assets and employs 16 thousand employees working in two thousand offices across Russia.

Sovcombank has developed the Social Bond Framework (the “Framework”) under which it intends to issue social bonds and use the proceeds to finance and refinance, in whole or in part, a portfolio of socially-impactful instalment cards branded “Halva”. The Framework defines eligibility criteria in the area of Zero-Interest Installment Cards for Low-to-Medium Income Individuals

Sovcombank engaged Sustainalytics to review the Sovcombank Social Bond Framework, dated September 2020, and provide a Second-Party Opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2020 (SBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

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

- The Framework’s alignment with the Social Bond Principles 2020, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.5, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Sovcombank’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sovcombank representatives have confirmed (1) they understand it is the sole responsibility of Sovcombank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

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

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

¹ The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

² The Sovcombank Social Bond Framework is available on Sovcombank’s website at: <url>

³ 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.

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 Sovcombank has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sovcombank Social Bond Framework

Sustainalytics is of the opinion that the Sovcombank Social Bond Framework is credible and impactful, and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of Sovcombank's Social Bond Framework:

- Use of Proceeds:
 - The eligible category, Zero-Interest Installment Cards for Low-to-Medium Income Individuals, is aligned with those recognized by the SBP, namely Access to Essential Services.
 - Sovcombank will use bond proceeds to finance and refinance the loan portfolio related to its Halva installment card product that are provided to Low-to-Medium Income (LMI) individuals. This program provides zero-interest installment loans, primarily to low-income individuals in order to allow the purchase of goods on credit. By providing no-cost access to credit, this initiative supports Access to Financial Services for the low-income target population, thereby promoting financial inclusion.
 - Under the terms of the program, customers do not pay interest or fees on any installment loans over the period approved. Loans which are not repaid on time do not face any retroactive penalties or charges;
 - The price of goods purchased remains the same regardless the mode of payment – by cash, credit or debit cards or Halva installment card.
 - The Framework has defined as a target population customers with monthly income of less than RUB 50,000 (USD 650). Currently, 83% of Halva cardholders qualify as low-to-medium income in line with this definition. Sustainalytics views positively this use of income thresholds, and encourages the targeting of low-income individuals.
 - The Bank has disclosed that:
 - The majority of purchases made through the Halva program are for essentials, specifically groceries, medicine and fuel (76%). Sustainalytics considers this to be further indication of the positive social impacts achieved through the program.
 - Loan terms may be from two to 12 months, and that the average balance is approximately 27,000 RUB (USD 370). Sustainalytics views the small average balance size to be aligned with the intents of the program.
 - In order to ensure net-positive social impacts, projects which involve providing consumer credit must have appropriate customer protection measures in place to protect vulnerable individuals from over-indebtedness. The Bank is committed to ensuring that these protections are in place, refer to Section 2 for further discussion of these procedures.
- Project Evaluation and Selection:
 - Sovcombank's Corporate and Investment Banking division will be charged with reviewing, on an annual basis, the portfolio of outstanding Halva loans to confirm eligibility with the criteria of the Framework.
 - Based on the clear definition of responsibilities and alignment with existing internal processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The net proceeds of the social bond(s) will be earmarked to the eligible loan portfolio, overseen by the Corporate and Investment Banking division. Pending allocation, proceeds may be held temporarily in line with the Bank's liquidity guidelines.

- The Framework defines a lookback period of three years and commits to fully allocating within two years. Sovcombank has communicated that it expects to be able to fully allocate the proceeds to outstanding financing at the time of issuance.
- Based on the disclosure of an earmarking approach, as well as the commitments around management of unallocated proceeds and lookback, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - The Bank has committed to providing annual reports on the allocation and impact of the social bond.
 - Allocation reporting will include the total amount allocated to the Halva portfolio as well as the disclosure of any unallocated proceeds
 - Impact reporting will consist of information on the Halva program, including the number of cards provided, demographic data on the cardholders such as income distribution, and category of spending data to demonstrate the social impact for the target population.
 - Based on the annual allocation reporting and the use of quantitative metrics within the impact reporting Sustainalytics considers this process to be in line with market practice.

Alignment with Social Bond Principles 2020

Sustainalytics has determined that the Sovcombank Social Bond Framework aligns to the four core components of the SBP. For detailed information please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Performance of Sovcombank

Contribution of Framework to Sovcombank's Sustainability Strategy

Sovcombank's approach to sustainability is rooted in a focus on six key social areas: (i) transparent corporate governance, (ii) social responsibility, (iii) support for small and medium enterprises (SMEs), (iv) service availability, (v) financial literacy, and (vi) human capital. Additionally, Sovcombank has publicly stated its support for the United Nations Sustainable Development Goals and as part of that support has become of the first Russian bank to sign the Principles for Responsible Banking of the United Nations Environment Program Financial Initiative (UNEP FI).⁴

The initiative to provide zero interest loans to low-income individuals helps Sovcombank achieve the targets laid out by its current commitments by providing access to essential services and assists in poverty reduction. Specifically, the program aligns with Sovcombank's pillars of social responsibility through providing products to meet the needs of individuals from diverse backgrounds, service availability by providing banking services to low-to-medium income population, and financial literacy by providing experience with access to credit.

Sustainalytics is of the opinion that the Sovcombank Social Bond Framework is aligned with the company's overall sustainability ambition and initiatives and will further the Company's action on its key social priorities. Sustainalytics encourages the Bank to further develop its sustainability strategy through the implementation of specific commitments including quantitative and timebound targets, as well as formal processes to adopt strategies and monitor progress.

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

While Sustainalytics recognizes that the net proceeds from the bond(s) issued under the Framework will be directed towards eligible projects that are anticipated to have positive social impact, Sustainalytics is aware that such activities could also lead to negative environmental and social outcomes. As it relates to the financing provided by Sovcombank, the key risks associated with the eligible projects are in relation to the exposure of borrowers to financial risks such as over indebtedness.

Sustainalytics is of the opinion that Sovcombank manages and/or mitigates potential risks through implementation of the following:

⁴ Sovcombank, "Sustainability", <https://sovcombank.ru/about/sustainability>

- Sovcombank reduces risk by conducting a thorough credit check of all applicants. At issuance and throughout use of the Halva card, Sovcombank checks the creditworthiness of borrowers utilizing an integrated scoring procedure. The majority of loan pre-approval is based on an automatic procedure which incorporates debt and income levels, data from credit bureaus, Federal Tax Service, Federal Pension Service, police and court databases, bank history, social networks and FICO and Equifax in order to calculate affordable for the borrower Payment-to-Income Ratio.
- To limit the risk of over indebtedness, credit limits are imposed based on the borrower's income and credit history. If there is increased risk of non-payment based on the score, the amount of credit to which the borrower has access will be limited.
- The Bank has disclosed that the repayment rates on the Halva card portfolio exceed those of its overall consumer loan portfolio, indicating that an appropriate level of due diligence is being carried out in credit approvals.⁵
- Sovcombank's lending activities are subject to regulatory oversight, most specifically under the Federal law on protection of consumer rights (FZ №2300-1),⁶ which defines the responsibilities of service providers with regards to consumer protections and disclosure requirements.
- Sovcombank has developed concurrent programs focused on financial literacy, with specific targeting of vulnerable groups such as seniors, which will help reduce the level of risk faced by program users.
- Sovcombank has developed procedures to undertake in the instance that a borrower is unable to repay the loan at the end of the instalment period. The Bank may restructure the loan, allowing the borrower to pay the minimum balance without making new additional purchases. The Bank has described that in the event that an agreement to repay cannot be reached, that it takes all steps through the legal process and does not in any case engage in its own collections actions.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Sovcombank has implemented adequate measures and is well positioned to manage and mitigate the key social risk commonly associated with the eligible categories, while noting the importance of developing formal policies in these areas.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the SBP. Sustainalytics has focused below on how the impact is specifically relevant in the local context.

Importance of Zero Interest Loans for Low-to-Medium Income Individuals

The ability to access services such as banking and credit can drastically improve the lives of low-to-medium income individuals.⁷ As a result, organizations including the United Nations and the World Bank have supported microfinance initiatives globally. In Russia, since 2011, access to banking services has increased; however, key gaps remain particularly among those living in rural areas, the elderly, and low-income groups.⁸ Further, use of financial services such as savings accounts and credit still primarily occur within middle-income groups.⁹ According to figures from the World Bank, approximately 18.6 million people in Russia are living below the nationally-determined poverty line, a figure which has been relatively flat across recent years.¹⁰ In response, Russia has set policy goals to halve poverty in the nation by 2024 by focusing on

⁵ Sovcombank July 2020 Interim Financial Statement: <http://prod-api.sovcombank.ru/finance-report/index?id=136>

⁶ Law Of The Russian Federation No. 2300-1 Of February 7, 1992 On Consumer Rights Protection
https://www.wto.org/english/thewto_e/acc_e/rus_e/WTACCRUS48_LEG_78.pdf

⁷ Caskey et al and Dupson and Robinson in Ardic, Heimann and Mylenko "Access to Financial Services and the Financial Inclusion Agenda around the World" (2011). Retrieved from <https://www.cgap.org/sites/default/files/CGAP-Access-to-Financial-Services-and-the-Financial-Inclusion-Agenda-around-the-World-Jan-2011.pdf>

⁸ The World Bank Group, FINANCIAL SECTOR ASSESSMENT PROGRAM RUSSIAN FEDERATION, (2016). Retrieved from <http://documents1.worldbank.org/curated/ar/777811472539077075/pdf/108086-FSA-P157494-PUBLIC.pdf>

⁹ Ibid.

¹⁰ World Bank, Poverty and Equity Data Portal, <http://povertydata.worldbank.org/poverty/country/RUS/>

increasing incomes and providing social assistance to groups in need.¹¹¹² Therefore, growing the portion of the population which has adequate access to credit is an increasingly important issue in Russia.

Low income is a barrier to accessing essential products and services such as groceries, education, healthcare, transportation and clothing.¹³ Sovcombank’s Halva credit card program will provide zero interest credit to low-income groups to assist these individuals with purchasing from specific retailers. The borrowers will have an interest free period to allow for essential and emergency purchases, with the primary use of these cards being groceries, medicine and fuel (76% of transactions). Thus, given the additional context of access to credit as being beneficial, reduced access to credit in Russia among low income groups, and increasing poverty locally, it is Sustainalytics’ view that Sovcombank’s zero interest loans for Low-to-Medium Income Individuals, those earning below 50,000 RUB per month, will be positively impactful.

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 social bond advances the following SDG goal(s) and target(s):

Use of Proceeds Category	SDG	SDG target
Zero-Interest Loans for Low-to-medium Income Individuals	1.No Poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
	8.Decent Work and Economic Growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Conclusion

Sovcombank has developed the Sovcombank Social Bond Framework under which it will issue loans to finance and refinance a portfolio of instalment cards. Sustainalytics considers that the provision of zero-interest credit to low-to-medium income individuals will provide positive social impact and aligns with the Social Bond Principles category of Access to Essential Services.

The Sovcombank Social 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 Sovcombank Social Bond Framework is aligned with the overall sustainability approach of the Bank and that the social use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 1 and 8. Additionally, Sustainalytics is of the opinion that Sovcombank has adequate measures to identify, manage and mitigate the social risks commonly associated with the provision of consumer credit.

Based on the above, Sustainalytics is confident that Sovcombank is well-positioned to issue social bonds and that the Sovcombank Social Bond Framework is robust, transparent, and in alignment with the core components of the Social Bond Principles 2020.

¹¹ World Bank, In Russia, a Recipe for Getting out of Poverty, (2020). Retrieved from <https://www.worldbank.org/en/news/feature/2020/06/23/in-russia-recipe-for-getting-out-of-poverty>

¹² Freije-Rodriguez et al, Can Russia halve poverty by 2024?, <https://www.brookings.edu/blog/future-development/2019/05/09/can-russia-halve-poverty-by-2024/>

¹³ World Bank Group, *Piecing Together the Poverty Puzzle*, (2018). Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/30418/9781464813306.pdf>

Appendices

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

Section 1. Basic Information

Issuer name:	Sovcombank
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	Sovcombank Social Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 4, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

The review assessed the following elements and confirmed their alignment with the 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 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds, Zero-Interest Installment Cards for Low-to-Medium Income Individuals, is aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that the eligible category will lead to positive social impacts by improving to Access to Financial Services and advance the UN Sustainable Development Goals, specifically SDGs 1 and 8.

Use of proceeds categories as per SBP:

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

Sovcombank has charged its Corporate and Investment Banking division with reviewing the installment card portfolio to ensure compliance with the Framework. This process is in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social 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 Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (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*):

The proceeds will earmarked for allocation to the eligible portfolio of instalment card loans. The Corporate and Investment Banking division will manage this process. Pending allocation, proceeds may be temporarily held in line with the Bank's liquidity policy. This process is in line with market practice.

Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Sovcombank will report annually on the amount allocated to the installment card portfolio, as well as disclose any unallocated proceeds. The reporting will also include impact metrics, in the form of demographic information such as age and income distribution as well as spending categories.

Use of proceeds reporting:

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

Information reported:

- Allocated amounts
 Social 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):

- Number of beneficiaries
 Target populations
- Other ESG indicators (*please specify: demographic information, spend categories*)

Frequency:

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

Means of Disclosure

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

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd 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 SBP

- i. Second-Party Opinion: An institution with social 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 Social 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 Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the 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 social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the 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 Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social 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. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social 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 social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

Disclaimer

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

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

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

About Sustainalytics, a Morningstar Company

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



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SRI Awards

Named

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

