Second-Party Opinion

Pattern Energy Operations LP Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Pattern Energy Operations LP Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020. This assessment is based on the following:

USE OF PROCEEDS The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, particularly Goal 7.

PROJECT EVALUATION / SELECTION Pattern Energy’s executive leadership team, comprised of representatives from all areas of the Company, will be responsible for overseeing the project evaluation and selection process. Pattern Energy’s finance and treasury team will be responsible for determining final allocation. The Company intends to fully allocate the green financing proceeds within 18 months of issuance. Sustainalytics considers the project selection process in line with market practice.

MANAGEMENT OF PROCEEDS Pattern Energy’s finance and treasury team will maintain a green financing register in order to manage the proceeds raised under the Framework. Pending full allocation, the Company will invest the balance of the net proceeds in cash or cash equivalents or other short-term marketable instruments, or repay existing liabilities, in line with its liquidity management practices. This is in line with market practice.

REPORTING Pattern Energy has committed to providing updates on its website on an annual basis until full allocation. Allocation reporting will include a list of the eligible green projects to which proceeds have been allocated as well as the total number of unallocated funds. In addition, Pattern Energy is committed to reporting on relevant impact metrics, where feasible. Sustainalytics views Pattern Energy’s allocation and impact reporting commitments as aligned with market practice.

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Introduction

Pattern Energy Operations LP ("Pattern Energy Operations", or the "Issuer") is a wholly-owned subsidiary of Pattern Energy Group LP ("Pattern Energy", or the "Company"). Pattern Energy is a privately-owned developer and operator of wind, solar, transmission, and energy storage projects. Headquartered in San Francisco, California, the Company's operational portfolio includes 28 renewable energy facilities, with an operating capacity of 4.4 GW across the United States, Canada and Japan.

Pattern Energy Operations has developed the Pattern Energy Operations LP Green Financing Framework (the "Framework") under which it intends to issue green bonds and/or green loans and use the proceeds to finance or refinance renewable energy projects in support of the Company’s stated mission of transitioning the world to renewable energy. The Framework defines eligibility criteria in one area:

1. Renewable Energy
   a. Development, construction, maintenance, or acquisition of wind energy projects;
   b. Development, construction, maintenance, or acquisition of solar energy projects;
   c. Development, construction, maintenance, or acquisition of renewable energy transmission lines; and
   d. Development, construction, maintenance, or acquisition of energy storage systems.

Pattern Energy engaged Sustainalytics to review the Pattern Energy Operations LP Green Financing Framework, dated July 2020, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)1 and the Green Loan Principles 2020 (GLP).2 This Framework will be published on the Company's website.3

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent4 opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

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

- The Framework’s alignment with the Green Bond Principles 2018, as administered by the International Capital Market Association, and the Green Loan Principles 2020, as administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association;
- 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 1.4, 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 Pattern Energy'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. Pattern Energy representatives have confirmed (1) they understand it is the sole responsibility of Pattern Energy 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.

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2 The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and the Loan Syndications & Trading Association and are available at https://www.lma.eu.com/application/files/1815/8866/8537/Green_Loan_Principles_V03.pdf
4 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.
Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Pattern Energy.

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 and loan 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 and loan 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 favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Pattern Energy has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics’ Opinion

Section 1: Sustainalytics’ Opinion on the Pattern Energy Operations LP Green Financing Framework

Sustainalytics is of the opinion that the Pattern Energy Operations LP Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of Pattern Energy Operations LP’s Green Financing Framework:

- Use of Proceeds:
  - The green project category of Renewable Energy is recognized as eligible by the GBP and GLP.
  - The proceeds raised through green finance transactions are intended to be used to finance or refinance eligible green projects, being the development, construction, maintenance, or acquisition of solar, wind, renewable energy transmission lines and energy storage systems.
    - Pattern Energy has confirmed that transmission lines funded will be fully subscribed by renewable energy customers. The Company has also confirmed that energy storage projects will be co-located with solar and wind projects.
  - The Company expects that a majority of the use of proceeds of its first issuance will be allocated towards refinancing existing wind power projects through the repayment of either project or corporate-level debt.
    - Pattern Energy’s Framework does not specify a look-back period, which is not a matter of concern given that proceeds are only being used to refinance green assets.

- Project Evaluation and Selection:
  - Project evaluation and selection will be undertaken by Pattern Energy’s executive leadership team, which is made up of representatives from its development, finance, project operations, corporate operations, investor relations and external affairs teams. The Company’s finance and treasury team will be responsible for final project selection and allocation to eligible projects.
  - The Company has committed to fully allocate net proceeds of each green financing transaction within 18 months of each issuance.
  - Sustainalytics consider this process to be in line with market practice.

- Management of Proceeds:
  - Pattern Energy’s finance and treasury team will maintain a green financing register to track the allocation of net proceeds from each issuance to eligible green projects.
  - Any proceeds not yet allocated to eligible green projects may be held by the Company in cash or cash equivalents or other short-term marketable instruments, or used to repay existing liabilities so long as such uses are in line with the Company’s liquidity management practices.
  - Sustainalytics considers this to be in line with market practice.

- Reporting:
- Pattern Energy will provide allocation updates on its website on an annual basis until full allocation. The updates will include a list of eligible green projects to which green financing proceeds have been allocated, a description of the projects, the amounts allocated and the total remaining unallocated funds.
- The Company has also committed, where feasible, to report on qualitative and quantitative impacts of projects including metrics such as total electricity generation, greenhouse gas emissions avoided, and number of people provided with access to clean power.
- Sustainalytics consider this to be in line with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2020

Sustainalytics has determined that the Pattern Energy Operations LP Green Finance Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Pattern Energy Operations LP\(^5\)

Contribution of framework to Pattern Energy Operations LP’s sustainability strategy

With a mission to transition the world to renewable energy, sustainability lies at the core of Pattern Energy’s operations. The Company’s approach to fulfilling its overall mission is underlined by the following values: 1) safety and health; 2) environment; and 3) community and culture.\(^6\) Each value statement is supported by a comprehensive management system that provides a roadmap and formal framework to achieving enterprise-wide commitments. The proceeds of the green finance instruments issued under this Framework will be used to fulfill the Company’s overarching mission, with the eligible category specifically aligning with the objectives of the Company’s environmental values and practices.

In order to fulfill its Statement of Environmental Values to “produce and transport clean, renewable energy to consumers with the least amount of natural impact,” Pattern Energy applies a formal Environmental Management System (EMS).\(^8\) The Company’s EMS provides a framework for ensuring environmental awareness and compliance at all of Pattern Energy’s renewable energy facilities, with a specific focus on waste, spill, wildlife, stormwater and wetland management. As part of this process, the Company’s Environmental Director is required to proactively set targets by establishing Key Performance Indicators (KPIs) which are then monitored and measured to identify positive performance as well as areas of improvement.

In 2019, Pattern Energy issued its inaugural Sustainability Report in which it disclosed details on its overall portfolio, which is comprised of 100% renewable energy generation projects.\(^9\) Since then, Pattern Energy has provided annual impact reporting on its website. As of 2019, the Company delivered more than 12,000 gigawatt-hours of clean, renewable electricity to the grid - roughly equivalent to powering 1.2 million homes.\(^10\) As part of its reporting, the Company also calculates emissions saved by producing renewable energy and comparing it to coal-fired power generation. In 2019, the Company helped avoid more than 12 million metric tons of CO\(_2\), while conserving 6.5 billion gallons of water.\(^11\)

Sustainalytics is of the opinion that Pattern Energy Operations LP Green Financing Framework is directly aligned with the Company’s overall strategy, and believes that the activities outlined in the Framework will further the Company’s ability to fulfill its environmental mission. Sustainalytics encourages Pattern Energy to set short, medium and long-term targets with regard to renewable energy generation and greenhouse gas emissions avoided and understands that such goals are in the process of being set.

\(^5\) As a wholly-owned subsidiary of Pattern Energy Group LP, Pattern Energy Operations LP applies all of the Company’s sustainability and environmental social risk practices and policies.

\(^6\) Pattern Energy, Value Statements: https://patternenergy.com/sustainability/values#-text=Our%20mission%20is%20to%20transition%20respect%20for%20communities%20and%20cultures

\(^7\) Pattern, Statement of Environmental Values: https://patternenergy.com/ca/commitments/statement-environmental-values

\(^8\) Ibid.


\(^11\) Ibid.
Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes the positive impact of renewable energy generation, and specifically solar and wind power, large-scale renewable energy projects can still pose environmental and social risks. Some environmental risks include land use change and related biodiversity loss at the project site, while social risks include worker health and safety and impact on local communities residing near the projects. Sustainalytics is of the opinion that Pattern Energy is able to manage and mitigate such risks through the following measures.

As outlined in Pattern Energy’s 2018 Sustainability Report, the Company uses its EMS to document its environmental procedures at its operating facilities. This includes conducting regular environmental risk screenings to assess a site’s overall suitability for renewable energy development and the potential impacts of such activity on local and regional ecosystems. In order to ensure compliance with all relevant environmental laws and site-specific regulations, the Company conducts a regulatory review when acquiring or developing an asset in a new country or region with unique environmental regulation. As part of this process, projects are constructed and operated using best practices to prevent pollution and conserve natural resources. In order to ensure ongoing compliance, Pattern Energy’s facility managers conduct assessments on an annual basis, and independent third-party assessments are performed at each site every three years. In the event that an environmental incident is identified, the Company initiates an investigation to identify the underlying causes, which is then followed by an action plan to manage the risks and prevent recurrence.

Pattern Energy promotes workers’ health and safety through its Safety Management System (SMS). Some of the steps the Company takes to mitigate risks include, working with personnel, contractors and public to identify all potential hazards; designing projects using risk mitigation techniques to create a safe work environment; providing personnel with the correct tools and training on the hazards to which they are exposed and identifying the root causes to prevent accident recurrence. The Company’s Environmental Health & Safety team also implements regular internal risk assessments which includes obtaining feedback from employees and contractors on potential hazards.

In order to ensure it has a positive impact on the local communities where projects are located, Pattern Energy applies a Community Management System (CMS). The CMS is the Company’s programmatic framework for proactively engaging with relevant stakeholders and minimizing adverse community and cultural impacts once a project is underway. In order to execute on this mission, the Company conducts due diligence through a risk and opportunity analysis process prior to acquiring a new project or beginning development. The Company deploys a ‘Community Relations Plan’ for every site to set a path for interactions with the community and help the Company meet its commitments set forth in their Statement of Community and Cultural Values. The Company also implements ‘Community Giving Guidance’ which is used to foster goodwill by raising awareness of the site’s benefits and giving back to the communities near its facilities.

Based on these policies and standards, Sustainalytics is of the opinion that Pattern Energy has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible green projects.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP. Sustainalytics has focused below where the impact is specifically relevant in the local context.

The importance of increasing the share of renewable energy in the United States

According to the Intergovernmental Panel on Climate Change (IPCC), as global energy demand rises at increasingly rapid rates due to population growth, shifting towards clean energy plays an important role in mitigating climate change and meeting the Paris Agreement’s long-term goal of limiting temperature

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14 Ibid.

15 Ibid.
increases to well below 2°C, and ideally to 1.5°C.\textsuperscript{16,17} In 2019, due to slower economic growth and the impacts of milder weather on heating and cooling-related energy consumption, global energy demand increased by 0.9%, which was a lower rate of increase than in 2018.\textsuperscript{18} While the share of renewable energy in global energy production increased by 7.6% in the same year,\textsuperscript{19} fossil fuel energy still supplied approximately 84% of the global energy needs in 2019, with renewable energy only contributing to 5% of global primary energy supply.\textsuperscript{20} The International Renewable Energy Agency (IRENA) states that the total share of renewable energy must rise to approximately 66% of the total primary energy supply by 2050 in order to meet the 2°C target.\textsuperscript{21}

While renewable energy generation in the United States has experienced significant growth since 2008, it accounted for a total of only 11% of the country’s total energy consumption and approximately 17% of electricity generation in 2019.\textsuperscript{22} Specifically, wind energy contributed to 7.3% of total electricity generation in the country, while solar energy contributed 1.8% in the same year.\textsuperscript{23} According to the Department of Energy’s National Renewable Energy Laboratory (NREL), by increasing renewable electricity generation from technologies that are presently available, there is capacity for 80% of the country’s electricity to be generated from renewable energy, including through wind and solar generation, by 2050.\textsuperscript{24}

Considering the above, Sustainalytics believes that the activities carried out under the Framework will provide meaningful contribution towards increasing the share of renewable energy generation in the United States, and will more broadly positively impact global decarbonization efforts.

### 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 bond advances the following SDG goal and target:

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>SDG</th>
<th>SDG target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>7. Affordable and Clean Energy</td>
<td>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</td>
</tr>
</tbody>
</table>

### Conclusion

Pattern Energy Operations has developed the Pattern Energy Operations LP Green Financing Framework under which it will issue green bonds and/or green loans and use the proceeds to finance and/or refinance various renewable energy power projects through the repayment of either project or corporate-level debt. Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impact and will support the Company’s stated mission of transitioning the world to renewable energy.

The Pattern Energy Operations LP Green Financing 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 Pattern Energy Operations LP Green Financing Framework is aligned with the Company’s overall sustainability strategy and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Pattern Energy has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Pattern Energy Operations LP is well-positioned to issue green bonds and/or green loans and that the Pattern Energy Operations LP Green Financing Framework is

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\textsuperscript{16} IPCC, Global Warming of 1.5°C: https://www.ipcc.ch/sr15/
\textsuperscript{17} OECD Green Growth Studies, Energy: https://www.oecd.org/greengrowth/greening-energy/49157219.pdf
\textsuperscript{18} IEA, Global Energy Review 2019: https://www.iea.org/reports/global-energy-review-2019
\textsuperscript{22} EIA, ‘U.S. primary energy consumption by energy source’: https://www.eia.gov/energyexplained/us-energy-facts/#:~:text=The%20United%20States%20uses%20a%20mix%20of%20energy%20sources%20and%20fuels%20to,energy.&text=Primary%20energy%20sources%20include%20fossil%20and%20renewable%20sources%20and%20energy.&text=The%20total%20U.S.%20primary%20energy%20is%20about%20100%20quadrillion%20Btu.
\textsuperscript{24} National Renewable Energy Laboratory, Renewable Electricity Futures Study: https://www.nrel.gov/docs/fy13osti/52409.pdf
robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020.
Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Pattern Energy Operations LP

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Pattern Energy Operations LP Green Financing Framework

Review provider’s name: Sustainalytics

Completion date of this form: July 6, 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 GBP:

☒ 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, Renewable Energy, is aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, particularly Goal 7.

**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 GBP

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Pattern Energy’s executive leadership team, which is comprised of representatives from all areas of the Company, will be responsible for overseeing the project evaluation and selection process. The finance and treasury team will be responsible for determining final allocation. The Company intends to fully allocate the green financing proceeds within 18 months of issuance. Sustainalytics considers the project selection process 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 Bond proceeds
- ☒ Documented process to determine that projects fit within defined categories
- ☒ Documented process to identify and manage potential ESG risks associated with the project
- ☐ Summary criteria for project evaluation and selection publicly available
- ☐ Other (please specify):
Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Pattern Energy’s finance and treasury team will maintain a green financing register in order to manage the proceeds raised under the Framework. Pending full allocation, the Company will invest the balance of the net proceeds in cash or cash equivalents or other short-term marketable instruments, or repay existing liabilities, in line with its liquidity management practices. This is in line with market practice.

Tracking of proceeds:

☒ Green 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):

Pattern Energy’s intends to provide updates on its website on an annual basis until full allocation. Allocation reporting will include a list of the eligible green projects to which proceeds have been allocated as well as the total number of unallocated funds. In addition, Pattern Energy is committed to reporting on relevant impact metric, where feasible. Sustainalytics views Pattern Energy’s allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

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

☒ Allocated amounts
☐ 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):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings
☐ Energy Savings
☐ Decrease in water use
☒ Other ESG indicators (please specify): total electricity generation and the number of people provided with access to clean power.

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): Company website.
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification / Audit
☐ Rating
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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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.
Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics 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. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in the policies, practices and capital projects. With 16 offices globally, Sustainalytics has more than 600 staff members, including over 200 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com.