

Opinion Services

Sustainalytics Corporate Solutions

All Instruments described in this document are applicable for bonds and loans.

Second-Party Opinion on Use of Proceeds Instruments

	Use of Proceed SPO	Pre-Issuance Review	EU Taxonomy Assessment	Transition Handbook Review	Annual Reviews
OVERVIEW OF SERVICE	<p>Sustainalytics' Opinion evaluate the alignment of the client's Green/ Social/ Sustainability/ Transition Bond Framework with the respective International Capital Markets Association (ICMA) Bond Principles and market expectations.</p> <p>For transition use of proceeds bonds, Sustainalytics provides an external review of the alignment of the bond with the Sustainalytics' transition eligibility criteria or with internationally established decarbonization pathways.</p>	<p>The Pre-issuance review provides assurance to investors and the issuer that the potential projects to be financed from the thematic bond align with the eligibility criteria outlined in the issuer's framework. The review report can be used in roadshows or other bond/ loan presentations.</p>	<p>Sustainalytics offers issuers the option to include an additional section in their Second Party Opinion that assesses the alignment of the issuer's bond/loan framework with the EU Taxonomy. The deliverable will indicate the level of alignment of the eligibility criteria with the EU Taxonomy.</p>	<p>Sustainalytics applies a Transition Handbook Review within the SPO for clients in hard-to-abate sectors or on frameworks involving transition activities.</p> <p>The review is applicable for both UoP and Sustainability-Linked Instruments and provides an assessment on the alignment of the issuer's transition strategy with the ICMA Climate Transition Finance (CTF) Handbook.</p>	<p>Sustainalytics' SPO annual review provides assurance to investors that the bond/loan proceeds have been used for projects that are aligned with the commitments in the framework and that reporting is aligned with market expectations.</p>
LEVEL OF ASSESSMENT	<p>On the Framework (i.e. covers multiple bond issuances).</p>	<p>The review is on a specific issuance.</p>	<p>On each use-of-proceeds category as well as the overall degree of alignment of all categories in the framework.</p>	<p>Assessment of the client's transition strategy with the CTF Handbook.</p>	<p>The Annual Review is done for a specific bond/ loan issuance. Several issuances of a bond programme can be combined in one Annual Review.</p>
TIME REQUIRED	<p>3-4 weeks.</p>	<p>2-4 weeks.</p>	<p>Parallel to the SPO process, depending on the amount of categories the EU Taxonomy can add an additional week to the SPO process.</p>	<p>Parallel to the SPO process.</p>	<p>Parallel to the SPO process 2-3 weeks.</p>
INPUT INFORMATION REQUIRED	<p>Draft framework, relevant information on the Issuer's sustainability strategy (e.g. CSR report), environmental and social risk management procedures related to the projects.</p>	<p>List of projects financed.</p>	<p>Framework; Sustainalytics will provide a questionnaire to clarify details of the eligibility categories .</p>	<p>Relevant information on the Issuer's sustainability strategy (e.g. CSR report), transition strategy of the issuer.</p>	<p>An overview of the projects financed and associated impacts. Most issuers provide this information in an excel document, or similar format.</p>
EXAMPLES	<p>Royal Bank of Canada Sustainable Bond Framework, Standard Chartered Bank Sustainability Bond Framework, Corticeira Amorim Green Bond Framework</p>	<p>Dividend Solar Loan Backed Notes Pre-Issuance, Pepper Green Bond Pre-Issuance, State of Connecticut Green Bond Pre-Issuance</p>	<p>Grand Duchy of Luxembourg Sustainability Bond Framework, Hitachi Capital (UK) Green Financing, E.ON Green Bond, Northland Power Green Financing</p>	<p>Seaspan Blue Transition Bond Framework, Air Liquide Sustainable Financing</p>	<p>FEFA Green Bond Annual Review, Mitsubishi UFJ Financial Group Social Bond Annual Review, Commerzbank Annual Review</p>

Second-Party Opinion on Linked Instruments

	Linked Instrument- Second-Party Opinion	Transition Handbook Review	Annual Reviews	KPI-SPT Assessment
OVERVIEW OF SERVICE	Sustainalytics' Sustainability-Linked Bond's Second-Party Opinion Service provide an external review of the alignment of the bond with the Sustainability-Linked Bond Principles and an evaluation of the ambitiousness of the targets set.	Sustainalytics applies a Transition Handbook Review within the SPO for clients in hard-to-abate sectors or on frameworks involving transition activities. The review is applicable for both UoP and Sustainability-Linked Instruments and provides an assessment on the alignment of the issuer's transition strategy with the ICMA Climate Transition Finance (CTF) Handbook .	Sustainalytics' SPO annual review provides assurances to investors that the issuer is on track to meet its sustainability performance targets and that the methodology to calculate KPI Performance is aligned with the commitments made to investors.	The KPI-SPT Assessment is a limited assurance assessment of the relevance and materiality of issuer's KPIs and ambitiousness of associated SPTs considered for potential sustainabilitylinked finance offerings.
LEVEL OF ASSESSMENT	Issuance specific assessment or assessment on the framework level.	Assessment of the client's transition strategy with the CTF Handbook.	With the SPO annual review, Sustainalytics will verify the KPI reporting practices, the methodology used for calculating the KPI performance as well as the alignment with the SPTs.	The Assessment could find some or all KPI-SPT combinations to be not aligned with ICMA SLL/SLB Principles.
TIME REQUIRED	3-5 weeks.	Parallel to the SPO process.	2-3 weeks.	2-3 weeks.
INPUT INFORMATION REQUIRED	Bond Framework or the information on KPIs, targets, reporting and verification shared in the bond offer documents.	Relevant information on the Issuer's sustainability strategy (e.g. CSR report), transition strategy of the issuer.	KPI Performance, methodology to calculate KPI performance, bond Framework or original offering document.	Complete list of KPI-SPT combinations with all relevant details such as baseline, historical data, relevant peers, and any alignment with science-based trajectories. As well as an Indication of the type of financing being considered (loan or bond).
EXAMPLES	Novartis Sustainability Linked Notes , Klabin Sustainability Linked Bond Framework , New World Development Company Sustainability Linked Bond .	CEMEX Sustainability-Linked Financing Framework , Volaris Sustainability-Linked Bond Framework .		

*Transition Handbook Review services can be applied to both UoP and Linked instrument SPOs that address the transition of hard-to-abate sectors and/or activities.

Other Services

	SPO on Financial Products and Instruments	Climate Bond Initiative ('CBI') Verification	Impact Reporting
OVERVIEW OF SERVICE	For other sustainable financial instruments, products, and frameworks which do not have relevant market principles and standards (i.e. sustainability deposits, letters of credit, funds), Sustainalytics can provide an opinion on the ability of the sustainable financial instrument, product, and framework to uphold principles of impact and transparency that underlie the sustainable investment industry.	Pre-issuance: verification letter that assesses alignment of a bond with the CBI standard and relevant sector criteria, prior to issuance to apply for Climate Bond Certification. Post-issuance: verification letter that assesses alignment of a bond with the CBI standard and relevant sector criteria to maintain Climate	Sustainalytics' Impact Report on Green Bonds and Loans provides a post-issuance calculation of the impact achieved by a Green Instrument. Sustainalytics will measure this impact based on the KPI the Issuer has committed to reporting on in their Second Part Opinion (eg. CO2 emissions avoided). The Report provides to issuers and investors an overview of the Projects financed under a Green Bond or Loan, the calculation of the impact, and an explanation of the methodology. It is currently available for Renewable Energy, Clean Transportation, and Green Buildings Use of Proceeds (more Green Bond Use of Proceeds categories are already in development)
LEVEL OF ASSESSMENT	Assessment on the sustainable financial instrument, product or framework.	On the Issuance itself (one bond) or on a bond programme.	On each use-of-proceeds category, overall and per Project financed in the category.
TIME REQUIRED	3-5 weeks.	2-3 weeks for each report.	4-6 weeks.
INPUT INFORMATION REQUIRED	Draft framework and/or relevant documentation, relevant information on the Issuer's sustainability strategy (e.g. CSR report), environmental and social risk management procedures related to the projects.	Bond Framework, and an overview of the projects financed. Most issuers provide this information in an excel document, or similar format.	List of projects financed, allocated amounts, technical data depending on Use of Proceeds, usually provided in the form of an Excel sheet.
EXAMPLES	Prime Green Energy Infrastructure Fund , ECN Capital Service Finance Home Improvement Loans , CIBC Sustainability Issuance Framework	Pre-issuance verification letter: Central Arkansas Water . Post-issuance verification letter: Obvion N.V.	Energy Generated, Building Energy profile, passenger-km.

Second-Party Opinion on Hybrid Frameworks

Sustainalytics is able to provide a comprehensive SPO on a client's all-encompassing sustainable finance framework involving an alignment to two or more principles, standards, guidelines and taxonomies. Such frameworks may include a combination of Use of Proceed Instruments and/or Sustainability-Linked Instrument.

Examples: [Vodafone Sustainable and Sustainability-Linked Finance Framework](#), [Johnson Controls Sustainable Finance Framework](#).

Why Sustainalytics



25+ years

ESG experience and developing innovative solutions.



Largest Second-Party Opinion Provider

As recognized by Environmental Finance and the Climate Bonds Initiative



Global presence

With offices in 17 locations.



Our analysts speak over **40 languages**.



End-to-End ESG Solutions

ESG Products and services that serve the entire value chain.



Single Market Standard

Consistent approach to ESG assessments across investment spectrum.

Recent Awards



Source: Environmental Finance & Global Capital

Information on the bond Principles and Guidelines are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

Information on the loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: https://www.lsta.org/content/?_industry_sector=guidelines-memos-primary-market



Do you have any questions regarding our Second-Party Opinion process?

Contact us today to connect with our team of experts.



SUSTAINALYTICS

Get in Touch

EMEA:
(+44) 20 4526 5640
inquiries.EMEA@sustainalytics.com

APAC:
(+65) 6329 7596
inquiries.APAC@sustainalytics.com

Americas:
(+1) 347 630 9308
inquiries.Americas@sustainalytics.com

Japan:
(+81) 3 4567 0198
inquiries.Japan@sustainalytics.com

Copyright ©2022 Sustainalytics. All rights reserved

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), intended for internal, non-commercial use and may not be copied, distributed or used in any way, including via citation, unless otherwise explicitly agreed in writing. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness.

These are based on information made available by the issuer and/or third parties, subject to continuous change 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 nor any of its third-party suppliers accept any 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>.