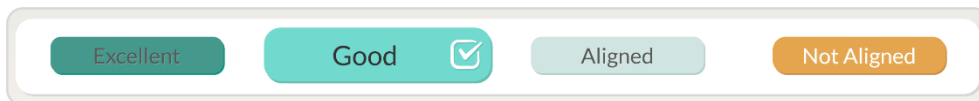




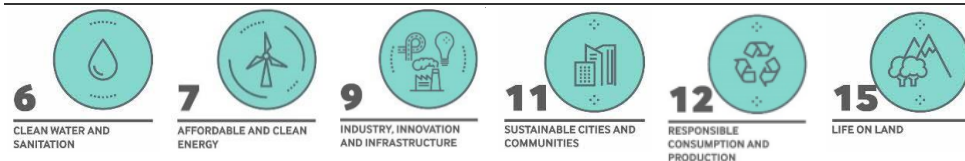
OUE Commercial Real Estate Investment Trust

Second-Party Opinion – Green Financing Framework



Pillar	Alignment	Key Drivers
Use of Proceeds	Good	<ul style="list-style-type: none"> The uses of proceeds have clear environmental objectives and are categorised as green buildings, energy efficiency, pollution prevention and control, sustainable water management, renewable energy, environmentally sustainable management of living natural resources and land use, and clean transportation. The uses of proceeds include projects that are fully aligned with OUE Commercial Real Estate Investment Trust's (OUE C-REIT)'s business and sustainability strategy, and would contribute positively to climate change mitigation and pollution prevention.
Use of Proceeds – Other Information	Aligned	<ul style="list-style-type: none"> The framework includes a clear exclusion list for projects that may have a negative environmental impact. The lookback period of 36 months of operating expenditures is in line with standard market practice, though a shorter lookback period would limit investment in old projects to enhance the instrument's additionality.
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> OUE C-REIT is following market best practice by having a multi-layered selection and approval process that involves various departments for a mix of expertise and perspectives.
Management of Proceeds	Good	<ul style="list-style-type: none"> OUE C-REIT intends to monitor the eligibility of the projects financed for the allocated transactions. It has also committed to replacing projects that cease to be eligible with new projects where necessary. This is a good practice that helps to increase the positive environmental impact of the transaction.
Reporting and Transparency	Good	<ul style="list-style-type: none"> OUE C-REIT's commitment to allocation and impact reporting on an annual basis is positive. It is in line with the ICMA Green Bond Principles' requirement for regular reporting on allocation of proceeds and their impact, and it has committed to obtaining an independent external verification.

Relevant UN Sustainable Development Goals



Framework Type	Green
Alignment	<ul style="list-style-type: none"> ✓ Green Bond Principles 2021 (ICMA) ✓ ASEAN Green Bond Standards 2018 ✓ Loan Market Association (LMA) ✓ Asia Pacific Loan Market Association (APLMA) ✓ Loans Syndications and Trading Association (LSTA) Green Loan Principles 2023 (GLP)
Date assigned	7 November 2023
See Appendix B for definitions.	

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Use of Proceeds Summary

Green	<ul style="list-style-type: none"> Green buildings Energy efficiency Pollution prevention and control Sustainable water management Renewable energy Environmentally sustainable management of living natural resources and land use Clean transportation
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Source: OUE C-REIT green financing framework

Framework Highlights

Sustainable Fitch considers transactions under this green financing framework to be aligned with the ICMA Green Bond Principles (GBP), the ASEAN Green Bond Standards (ASEAN GBS), and the Green Loan Principles (GLP) by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA).

The chosen uses of proceeds are aligned with the project categories recommended by the ICMA, particularly green buildings, energy efficiency, sustainable water management, renewable energy, environmentally sustainable management of living natural resources and land use, and clean transportation. OUE C-REIT has specified the processes for evaluation and selection, management of proceeds, and reporting.

The framework includes a clear exclusion list for projects that may have a negative environmental or social impact, or both. We view doing so as building confidence that the proceeds will be used within the remit of the eligibility criteria and contribute to a positive environmental or social impact, or both.

We deem the uses of proceeds will contribute to the UN Sustainable Development Goals (SDGs), particularly SDGs 7 (affordable and clean energy), 9 (industry, innovation and infrastructure) and 11 (sustainable cities and communities).

The framework allows OUE C-REIT to integrate ESG considerations into its financing strategies with its sustainability commitments.

Source: Sustainable Fitch, OUE C-REIT green financing framework

Entity Highlights

OUE C-REIT is a Singapore-based publicly listed REIT with total assets of SGD6 billion as of end-2022.

OUE C-REIT invests in commercial (primarily office or retail spaces) and hospitality real estate. Its portfolio consists of six commercial and hospitality properties in Singapore and one commercial property in Shanghai, China. As of 31 December 2022, its portfolio totalled to more than 2.1 million square feet of office and retail space and 1,643 hotel rooms. In 2022, its commercial properties accounted for 73.6% of its annual revenue and its hospitality properties accounted for 26.4%.

OUE C-REIT's sustainability strategy is detailed in its annual sustainability reports and on its website. As a property owner and manager, OUE C-REIT acknowledges the environmental impact that its buildings can have; the real estate industry contributes around 40% of the global GHG emissions.

In 2022, OUE C-REIT participated for the first time in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment, which assesses the ESG performance of companies in the real estate sector, and achieved a three-star rating in the 2023 GRESB assessment. Its six properties in Singapore were certified Green Mark Gold by the Building Construction Authority of Singapore, while its commercial property Lippo Plaza in Shanghai was certified LEED Gold. Green building certifications such as Green Mark and LEED reflect the environmental performance of a building in areas such as energy efficiency, water efficiency,

pollution prevention and indoor environmental quality. Green Mark Gold is ranked third while LEED Gold is ranked second in their respective certification systems.

In 2021, OUE C-REIT conducted its first climate-related scenario analysis and reported its climate-related risks and opportunities in line with the Task Force on Climate-related Financial Disclosures.

OUE C-REIT has not set a net-zero target, although it has established medium-term environmental targets that it hopes to achieve by 2030. OUE C-REIT targets to improve its energy and emissions intensity, renewable energy use, water intensity, waste generation, and recycling. OUE C-REIT also targets to reduce its commercial and hospitality portfolio's energy intensity by 25% by 2030 from the 2017 base year.

Source: Sustainable Fitch, OUE C-REIT green financing framework, OUE C-REIT sustainability report 2022, OUE C-REIT annual report 2022, company website



Use of Proceeds – Eligible Projects

Alignment: Good

Company Material

Sustainable Fitch’s View

Green buildings

- This use of proceeds (UoP) covers the investments and expenditures in buildings that meet or are expected to meet regional, national or internationally recognised green building standards or certifications. They include the Singapore BCA Green Mark Gold and above, US LEED Gold and above, UK BREEAM Excellent and above, Australian National Australian Built Environment Rating System (NABERS) Energy rating five star and above, EDGE (all levels), Indonesian GREENSHIP Gold and above, and any other green building certifications that is equivalent to the above standards.
- This UoP also covers the investments and expenditures in buildings that are, or are expected to be, within the top 15% best performing buildings in the local market based on absolute emissions or primary energy demand (PED).

- We expect this UoP to be aligned with the green buildings category of the ICMA GBP, the ASEAN GBS and the LSTA GLP.
- Green buildings support SDG 11 by reducing indirect emissions from heating or energy use and improving the environmental performance of the properties.
- The green building certifications listed in the framework are all nationally, regionally or internationally recognised green building certifications.
- The green building certifications require buildings to fulfil criteria on areas of the environment such as energy efficiency, water usage reduction, water and air quality, public transport accessibility, and material and resources to qualify for certification. There could be differences in energy performance between buildings that are certified under different schemes.
- The international taxonomies that define environmentally sustainable activities currently refer to specific energy performance indicators, but not green building certification schemes. For instance, the EU taxonomy recognises the construction and ownership of buildings as eligible activities that contribute to climate change mitigation if specific science-based criteria are met.
- This taxonomy requires buildings built from 2021 onwards to have 10% less PED than nearly zero-energy buildings. Buildings built before 2021 would require an energy performance certificate rating of A or equivalent, or to be in the top 15% of the national building stock for PED.
- The Climate Bonds taxonomy contains a criterion that requires buildings to have an emissions footprint in the top 15% of emissions performance in the local market.
- Therefore, beyond the requirements set out in the GBP and GLP, OUE C-REIT’s criteria for expenditures on buildings that are within the top 15% best performing buildings in the local market based on emissions performance and PED are aligned with the best practice for green buildings as defined by the green taxonomies.







Energy efficiency

- This UoP covers the investments and expenditures in projects that improve energy efficiency and reduce energy consumption in buildings and facilities that include the renovations or refurbishment of existing buildings, and the installation or replacement of equipment in the buildings such as LED lighting, smart metering, and systems for heating, ventilation and air conditioning.
- This UoP also covers the projects related to the research and development of technologies, systems and methods aimed at improving the energy efficiency of the buildings.

- We expect this UoP to be aligned with the energy efficiency category of the ICMA GBP, the ASEAN GBS and the LSTA GLP.
- The energy efficiency projects support SDGs 7 and 9 by achieving heat and energy savings, which in turn contribute to reducing emissions. This improves the environmental sustainability of the industry and the built environment.
- We understand that this UoP applies to either renovations or refurbishment of OUE C-REIT’s existing buildings.
- The framework identified the sample projects as installation or replacement of LED lighting, smart metering, and systems for heating, ventilation and air conditioning.
- International taxonomies also refer to specific energy performance indicators for energy efficiency products in buildings. For instance, the EU taxonomy recognises the renovation and installation, maintenance and repair of energy-efficient equipment and devices that monitor or regulate the energy performance of buildings as eligible





	<p>activities that contribute to climate change mitigation if the specific science-based criteria are met.</p> <ul style="list-style-type: none"> The EU taxonomy covers energy efficiency in buildings. However, at the time of our analysis, it is not possible to determine whether this UoP meets the technical screening criteria (TSC) until the projects have been funded and the reporting has been completed. For example, this taxonomy requires building renovations to lead to a 30% decrease in PED. Energy-efficient equipment such as LED lighting would need to be rated in the highest two populated classes of energy efficiency. 	
<p>Pollution prevention and control</p> <ul style="list-style-type: none"> This UoP covers the investments and expenditures in projects that prevent and reduce waste and pollution that include equipment and technologies for reducing resource consumption and to monitor and manage pollution; implementing waste sorting and recycling; reusing wastewater with minimal treatment such as irrigation for landscaping and indoor uses such as toilet flushing; and enforcing dust control and noise reduction during construction or the operation of the buildings, or both. 	<ul style="list-style-type: none"> We expect this UoP to be aligned with the pollution and prevention control category of the ICMA GBP, the ASEAN GBS and the LSTA GLP. The waste prevention, reduction and recycling projects support SDGs 11 and 12 (responsible consumption and production) by reducing waste generation to contribute to the environmentally sound management of waste and conserve natural resources. This UoP addresses an operational need for waste management and recycling infrastructure in the real estate sector. This UoP also covers the scope of dust control, noise reduction and wastewater from the construction or the operation of the buildings. We view the control of pollutant emissions or discharge from construction sites as an environmentally beneficial practice. 	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>Sustainable water management</p> <ul style="list-style-type: none"> This UoP covers the investments and expenditures on projects that improve water efficiency. 	<ul style="list-style-type: none"> We expect this UoP to be aligned with the sustainable water and wastewater management category of the ICMA GBP, the ASEAN GBS and the LSTA GLP. Sustainable water management supports SDG 6 (clean water and sanitation) by improving energy and water efficiency, preventing water pollution and enabling resource conservation. Sustainable water management includes both the reduction in water consumption and the treatment of water to enable its reuse. 	 <p>6 CLEAN WATER AND SANITATION</p>
<p>Renewable energy</p> <ul style="list-style-type: none"> This UoP covers the investments and expenditures in renewable energy generation, transmission and storage projects as well as the related infrastructure, which include wind and solar photovoltaic power. This UoP also covers the expenditures on sourcing renewable energy through power purchase agreements. 	<ul style="list-style-type: none"> We expect this UoP to be aligned with the renewable energy category of the ICMA GBP, the ASEAN GBS and the LSTA GLP. Renewable energy supports SDG 7 by increasing the share of renewable energy in the country's energy supply and facilitating the diversification of its energy mix from coal and oil. Directing this UoP to financing renewable energy would help to decarbonise OUE C-REIT's infrastructure lending portfolio and reduce the proportion of investments in assets linked to fossil fuels. The international taxonomies also recognise the various types of renewable energy technologies such as solar, wind, and thermal or electric energy storage as eligible activities that contribute to climate change mitigation. For instance, electricity generation from solar and wind is automatically aligned with the EU taxonomy's TSC for climate change mitigation. Power purchase agreements also have a positive environmental impact as they play a key role in keeping renewable energy assets in operation. 	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>



Environmentally sustainable management of living natural resources and land use

- This UoP covers the investments and expenditures on the greening of landscapes and the preservation or restoration of natural landscapes such as creating and enhancing urban green spaces. We expect this UoP to be aligned with the environmentally sustainable management of living natural resources and land use category of the ICMA GBP, the ASEAN GBS and the LSTA GLP. Sustainable living natural resources and land use activities support SDG 15 (life on land) by protecting and restoring biodiversity and ecosystems. This UoP is intended to finance the projects to create and enhance urban green spaces.



Clean transportation

- This UoP covers the investments and expenditures on electric vehicles (EVs) and their related infrastructure that include the installation of charging facilities for EVs and the procurement of EVs. We expect this UoP to be aligned with the clean transportation category of the ICMA GBP, the ASEAN GBS and the LSTA GLP. EVs and their related infrastructure support SDG 11 by providing sustainable transport systems that alleviate the negative environmental impacts such as air pollution and replace the conventional vehicles that rely on fossil fuels. This UoP is intended to finance the installation project for charging facilities for EVs as well as to procure EVs for OUE C-REIT. Fully electric vehicles have zero tailpipe emissions and have a greater positive environmental impact than hybrid EVs, which still generate tailpipe emissions. The EV charging infrastructure has a positive environmental impact as they enable the operation of EVs. International taxonomies recognise low-carbon transport and the infrastructure enabling low-carbon transport as activities that contribute to climate change mitigation. For instance, the EU taxonomy recognises EVs with zero tailpipe emissions and EV charging infrastructure as sustainable activities.



Source: OUE C-REIT green financing framework

Source: Sustainable Fitch, communication with the issuer



Use of Proceeds – Other Information

Company Material

- 100% of the net proceeds raised from each green financing transaction (GFT) will be applied exclusively to finance or refinance, in whole or in part, new or existing eligible green projects that meet one or more of the following categories of eligibility as recognised in the GBP and GLP with the objective of addressing the identified areas of environmental concern.
- The proceeds of each GFT instrument can be used for the financing or refinancing of eligible projects. If all or a proportion of the proceeds are used for refinancing, OUE C-REIT will provide an estimate of the share of financing versus refinancing.
- The eligible assets or projects will exclude the following types of activities: fossil fuels, fossil fuels electric power generation projects, and energy efficiency improvement projects for fossil fuels-based electric power generation; vehicles powered through fossil fuels combustion; non-certified sustainable palm oil; nuclear energy; lethal defence goods; weaponry; gambling; online gaming and equivalent enterprises; adult entertainment and related facilities; high interest rate lending, including payday loans and pawn shops; capturing, trading, using or consumption of endangered or critically endangered animals, fungi and plant species; alcoholic beverages; tobacco products; conflict minerals; and activities or projects associated with child labour or forced labour.
- The eligible assets or projects shall adhere to internationally recognised principles and guidelines such as the UN Guiding Principles on Business and Human Rights, as well as the applicable national laws and regulations in their respective jurisdictions.

Source: OUE C-REIT green financing framework

Alignment: Aligned

Sustainable Fitch's View

- The ICMA GBP, the ASEAN GBS and the LSTA GLP recommend that the issuer provides an estimate of the share of financing versus refinancing and to clarify the lookback period for refinanced projects.
- The framework does not provide information on the ratio of new financing to refinancing for the projects, though OUE C-REIT has committed to providing this information in its allocation report.
- The lookback period of 36 months of operating expenditures is in line with standard market practice, though a shorter lookback period would limit investment in old projects to enhance the instrument's additionality.
- OUE C-REIT has established a list of environmentally and socially detrimental projects that it will exclude from financing. This is best practice as it provides greater assurance that the proceeds are used to fund projects in line with the green commitment of the bond.

Source: Sustainable Fitch

Evaluation and Selection

Company Material

- Project evaluation and selection is a key process in ensuring that the green projects financed by the GFTs meet the eligibility criteria set out in the framework.
- Under the framework, eligible green projects are identified, selected and approved as described in the process below.
- The finance team will review and select eligible green projects according to the criteria outlined in section 2.1 of the framework. They may also consult with other internal organisations including OUE C-REIT's sustainability steering committee and sustainability task force for further guidance and support. The eligible green project list will be submitted to the green finance committee for approval.
- The green finance committee comprises the CEO and chief financial officer, who are both members of OUE C-REIT's sustainability committee that is chaired by the CEO.
- The green finance committee will ensure that the approved eligible green projects are in line with the framework.
- In addition, the green finance committee will be responsible for approving any future updates of the framework, including any expansion of the eligibility criteria. Any changes to the framework will be approved by the board and published on OUE C-REIT's website.
- The finance team will regularly review the eligibility of existing identified projects. Should a project be considered by finance team to be no longer meeting the criteria detailed above, projects can be removed or substituted, or both, on a best effort basis upon obtaining approval from the green finance committee to ensure the full amount of proceeds are allocated to eligible projects.

Source: OUE C-REIT green financing framework

Alignment: Excellent

Sustainable Fitch's View

- The framework clearly explains the process for the identification, evaluation, and selection of green projects.
- There is a multi-layered evaluation and selection process, in which projects proposed by the finance team will be reviewed and approved by the green finance committee that comprises the CEO and the chief financial officer. This is best practice as it provides an additional degree of checks and balances.
- This evaluation and selection process involves multiple departments beyond the finance team; the CEO and the chief financial officer are members of the sustainability team. Having multiple departments, particularly members with sustainability expertise, is best practice as it provides greater assurance that the projects are selected in line with the eligibility criteria of the bond.

Source: Sustainable Fitch

Management of Proceeds

Company Material

- The proceeds from each GFT instrument issued will be managed by the finance team with oversight by the green finance committee. OUE C-REIT will track the allocation of proceeds to eligible projects within its internal management system that includes the descriptions of the projects, the regions where the projects are located and the amount of proceeds allocated to the projects.
- Pending allocation, net proceeds from the sale of the GFT instruments may be invested in money market instruments with good market liquidity or used to repay existing borrowings within the trust, subject to the exclusion criteria.

Source: OUE C-REIT green financing framework

Alignment: Good

Sustainable Fitch's View

- The ICMA GBP, the ASEAN GBS and the LSTA GLP require that the net proceeds be tracked appropriately. The issuer should also make known its intentions on the placement of unallocated proceeds and obtain external verification on its the management of proceeds.
- OUE C-REIT will track the proceeds using its internal management system. This is aligned with the recommendations of the GBP, the ASEAN GBS and the GLP and with market practice. Best practice would require a physical segregation of proceeds, such as a separate bank account that would physically restrict the UoP towards only eligible green projects.
- OUE C-REIT has disclosed its intended placements for unallocated proceeds in line with the recommendations of the ICMA GBP, the ASEAN GBS and the LSTA GLP; it intends to invest unallocated proceeds in money market instruments or for repayment. This is in line with market practice. Best practice would be to keep unallocated proceeds segregated or invested in activities compliant with the bond to improve the bond's green commitment.
- OUE C-REIT intends to monitor the eligibility of the projects financed for allocated transactions. It has also committed to replacing projects that cease to be eligible with new projects where necessary. This is a good practice that helps to increase the positive environmental impact of the transaction.

Source: Sustainable Fitch

Reporting and Transparency

Company Material

- OUE C-REIT is committed to reporting its sustainability efforts transparently; it has been issuing an annual sustainability report since 2017, and relevant environmental data can be found in the annual reports published on <https://www.ouect.com>.
- OUE C-REIT shall provide the information below to green loan lenders upon request, provided that OUE C-REIT is deemed to have provided if such information is available in the annual report or their website:
 - Allocation of the Green Loans;
 - Example of the financed eligible green projects, including their description, location and green building certificates;
 - Unallocated amount, if any; and
 - Qualitative, and quantitative if reasonably practicable, environmental performance indicators of the eligible green projects funded by the green loans.
- OUE C-REIT will disclose the information such as net proceeds of its GFTs in its sustainability report or on its website (<https://www.ouect.com/sustainability.html>). Such information will be provided on an annual basis until all the net proceeds have been allocated.
- The reporting will provide the following information:
 - Summary: a list of all GFTs executed in the reporting period and outstanding as of the reporting date, with the summary terms of each transaction. The key information to be provided will include issuer or borrower entity, transaction date, principal amount of proceeds and maturity date.
 - Allocation reporting: the allocation amount by eligible project category, with the clear indication of any SDGs that each allocation supports; the allocation amount by geographical distribution; the proportion between financing and refinancing; the project examples,

Alignment: Good

Sustainable Fitch's View

- The ICMA GBP, the ASEAN GBS and the LSTA GLP require that the issuer provides information on the UoP annually until full allocation or when the green loan is fully drawn. The annual report should include a list of projects that the proceeds have been allocated towards, a description of the projects, the amounts allocated and their expected impact.
- The ICMA GBP, the ASEAN GBS and the LSTA GLP also recommend that the issuer obtain external reviews that include verification, which provides assurance on the statements made by the issuer on its management of the proceeds, allocation and environmental impact.
- For its green bonds, OUE C-REIT has committed to publishing an annual report on the allocation and impact of its UoP annually until full allocation.
- It will provide information on the allocation amount at the category level. Best practice in allocation and impact reporting would be to provide information at the project level, as this would give a more granular understanding of the impact of the UoP.
- OUE C-REIT's commitment to allocation and impact reporting on an annual basis is positive. It is in line with the ICMA GBP requirement for regular reporting on allocation of proceeds and their impact, and it has committed to obtain an independent external verification.
- OUE C-REIT has listed several impact indicators for every UoP category, which are also mostly listed as core indicators for their corresponding UoP category by the ICMA Harmonised Framework for Impact Reporting. This is a good practice for impact reporting, as doing so quantifies the impact of each eligible green or social project.



subject to confidentiality; and the amount of unallocated proceeds and its temporary treatment.

- Impact reporting: where possible and subject to data availability and confidentiality, the reporting of the environmental or social impact, or both, of the projects using relevant indicators as suggested in the ICMA Harmonised Framework for Impact Reporting.
- OUE C-REIT has provided examples of impact indicators, which are:
 - Green buildings: the type or number of green building certifications obtained and the total floor area of certified green buildings in square feet.
 - Energy efficiency: the annual energy savings in kWh for electricity and GJ for other energy, and the annual GHG emissions reduced or avoided (tCO₂e).
 - Pollution prevention and control: the waste reduced or avoided in tonnes and the annual GHG emissions reduced or avoided (tCO₂e).
 - Sustainable water management: The annual percentage reduction of water consumption (%).
 - Renewable energy: the annual renewable energy generation in MWh for electricity and GJ for other energy, and the annual GHG emissions reduced or avoided (tCO₂e).
 - Environmentally sustainable management of living natural resources and land use: the area of green landscape conserved, enhanced or created (km²).
 - Clean transportation: the number of EVs or charging stations for EVs built and the annual GHG emissions reduced or avoided (tCO₂e).

Source: OUE C-REIT green financing framework

Source: Sustainable Fitch



UoP – List of Example Projects

Green buildings	Green building certifications
Energy efficiency	Renovations or refurbishments of existing buildings, installation of energy-efficient technology, and investment for energy-efficient technologies
Pollution prevention and control	Waste monitoring equipment and technology projects, waste sorting and recycling equipment. Wastewater reuse projects, dust and noise control projects (during construction)
Sustainable water management	Water efficiency improvement projects
Renewable energy	Renewable energy generation, transmission, and storage projects for solar PV and wind
Environmentally sustainable management of living natural resources and land use	Urban green space projects
Clean transportation	EV charging facilities Procurement of EVs

Source: OUE C-REIT green financing framework

Relevant UN Sustainable Development Goals

- **6.4:** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.



- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.
- **7.a:** By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.



- **9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.



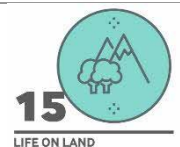
- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- **11.5:** By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.
- **11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
- **11.7:** By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.
- **11.a:** Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.
- **11.c:** Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilising local materials.



- **12.4:** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.
- **12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



- **15.9:** By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.



Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Green Bond	
Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes
Independent External Review Provider	
Second-party opinion	Yes
Verification	No
Certification	No
Scoring/Rating	No
Other	n.a.
1) Use of Proceeds (UoP) – based on expected or actual instrument allocation	
UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	Yes
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	Yes
Sustainable water and wastewater management	Yes
Climate change adaptation	No
Eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.
2) Project Evaluation & Selection	
Evaluation & Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.
Evaluation & Selection/Responsibility & Accountability	
Evaluation/selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.
3) Management of Proceeds	
Tracking of Proceeds	



Green bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.
Additional Disclosure	
Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.
4) Reporting	
UoP Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	No
Other	n.a.
UoP Reporting/Information Reported	
Allocated amounts	No
Green bond-financed share of total investment	No
Other	n.a.
UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.
Impact Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	n.a.
Other	n.a.
Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	Yes
Number of beneficiaries	No
Target populations	No
Other ESG indicators	Type and/or number of green building certifications obtained; total floor area of certified green buildings in square feet; waste reduced or avoided (tonnes); area of green landscape conserved/enhanced/created (km ²); number of EV charging stations built.
Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.
Means of Disclosure	
Information published in financial report	No



Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	n.a.
Other	n.a.

Note: n.a. - not applicable.
Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer’s green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, “alignment” should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

ESG Framework	
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch



SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

A Sustainable Fitch ESG Analytical Product (ESG Product) provides an assessment of the Environmental, Social and/or Governance ("E", "S" and "G") qualities of an issuer and/or its securities. ESG Products provided by Sustainable Fitch include an ESG Entity Rating, ESG Framework Rating, ESG Instrument Rating, ESG Scores and ESG Second-Party Opinion, among other ESG analytical products. An ESG Product is not a credit rating. ESG Products are provided by Sustainable Fitch, a Fitch Solutions company, and an affiliate of Fitch Ratings. Sustainable Fitch has established certain policies and procedures intended to avoid creating conflicts of interest and compromising the independence or integrity of Fitch Ratings' credit rating activities and Sustainable Fitch's ESG Product generation activities. For a description of the methodology, limitations and disclaimers relating to Sustainable Fitch's ESG Products, please use this link: www.sustainablefitch.com.

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