

Second-Party Opinion

Ethias Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Ethias Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Green Buildings, Clean Transportation, Energy Efficiency, Pollution Prevention and Control, and Environmentally Sustainable Management of Living Natural Resources and Land Use – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investment in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.



PROJECT EVALUATION AND SELECTION Ethias' Sustainable and Responsible Investment Management Meeting is responsible for evaluating, selecting and monitoring the eligible assets against the eligibility criteria in the Framework. To mitigate ESG risks associated with its closed-end investments, Ethias has in place due diligence procedures aligned with UN Principles for Responsible Investment while it is developing an environmental and social risk management system for its direct, real estate and alternative investments. Sustainalytics considers Ethias' project evaluation and selection process to be in line with market practice and encourages Ethias to establish a comprehensive environmental and social risk management system that covers all investment activities.



MANAGEMENT OF PROCEEDS Ethias' Asset Management Department under the Sustainable and Responsible Investment Management Meeting will manage the allocation of proceeds on a portfolio basis and will track allocations to eligible assets using a software. Ethias intends to allocate all proceeds to eligible projects within two years of issuance. Pending full allocation, unallocated proceeds will be invested, managed or held in cash or government treasury securities, and will be subject to its exclusion policy. This is aligned with market practice.



REPORTING Ethias commits to reporting on the allocation of proceeds and corresponding environmental impact, which will be published on its website annually. Allocation reporting will include the total amount of proceeds allocated to eligible projects, the total number of eligible projects, the balance of unallocated proceeds and the amount or share of financing versus refinancing. Sustainalytics views Ethias' allocation and impact reporting as aligned with market practice.



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|------------------------|----------------|
| Evaluation date | April 14, 2023 |
| Issuer Location | Liège, Belgium |

Report Sections

| | |
|-------------------------------|----|
| Introduction..... | 2 |
| Sustainalytics' Opinion | 3 |
| Appendix | 12 |

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Introduction

Ethias SA (“Ethias” or the “Company”) is an insurance company headquartered in Liège, Belgium. Ethias offers a variety of life and non-life insurance products to public and private customers. As of 2022, the Company has 1,952 employees and a total of EUR 2.9 billion premium income.

Ethias has developed the Ethias Green Financing Framework dated April 2023 (the “Framework”), under which it intends to issue green bonds, debt private placements, loans and credit facilities and use the proceeds to finance or refinance, in whole or in part, existing and future projects that are expected to deliver positive environmental outcomes in the UK and Belgium along with the rest of the EU. The Framework defines eligibility criteria in six areas:

1. Renewable Energy
2. Green Buildings
3. Clean Transportation
4. Energy Efficiency
5. Pollution Prevention and Control
6. Environmentally Sustainable Management of Living Natural Resources and Land Use

Ethias engaged Sustainalytics to review the Ethias Green Financing Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and the Green Loan Principles 2023 (GLP).² The Framework will be published in a separate document.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 current market standards and the extent to which the eligible project 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 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- 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 1.13, 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 Ethias’ management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Ethias representatives have confirmed that: (1) they understand it is the sole responsibility of Ethias to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

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

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

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

³ The Ethias Green Financing Framework is available at: https://www.ethias.be/invest/investors_relations/debt-issuance.html

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.

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. Ethias is encouraged to update the Framework after 24 (twenty-four) months from the evaluation date, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized 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 favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Ethias has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Ethias Green Financing Framework

Sustainalytics is of the opinion that the Ethias 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 the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Green Buildings, Clean Transportation, Energy Efficiency, Pollution Prevention and Control, and Environmentally Sustainable Management of Living Natural Resources and Land Use – are aligned with those recognized by the GBP and GLP.
 - Ethias has established a one-year look-back period for the refinancing of capital and operating expenditures relating to its investments under the Framework. This is in line with market practice.
 - Under the Renewable Energy category, Ethias may finance or refinance the production and development of renewable energy-related products, infrastructure and technologies, including solar, wind, ocean energy, hydropower and pumped storage facilities, green hydrogen and bioenergy in accordance with the following criteria:
 - Solar energy will be limited to solar photovoltaic projects.
 - Ocean thermal projects will limit the fossil fuel back-up to power monitoring, operating and maintenance equipment, resilience or protection measures and restart capabilities.
 - Hydropower projects will be limited to run-of-river plants without an artificial reservoir, or facilities with: i) a power density greater than 10 W/m²; or ii) life cycle GHG emissions below 50 gCO₂e/kWh.
 - Pumped storage facilities that: i) are built in conjunction with intermittent renewables; or ii) contribute to a grid with at least a 20% share of intermittent renewables or a grid committed to increasing the share of intermittent renewables to 20% within the next 10 years, and the facilities will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged.
 - Green hydrogen will be produced via electrolysis powered by renewables only.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Under the Green Buildings category, the Company may finance or refinance residential or commercial buildings in Belgium, in other EU countries and in the UK in accordance with the following criteria:
 - Construction of new buildings that meet one of the following criteria:
 - Buildings with primary energy demand (PED) at least 10% lower than the Nearly Zero-Energy Building (NZEB) requirements⁵

⁵ European Commission, "Nearly zero-energy buildings", at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficientbuildings/nearly-zero-energy-buildings_en.

- Buildings that have achieved one of the following minimum certification levels: energy performance certificate (EPC) A, BREEAM Excellent,⁶ DGNB Gold.⁷ Building that have achieved a minimum level of WELL Gold⁸ along with one of the above three certifications with their respective minimum levels.
- Acquisition of buildings built before 2021 that meet one of the following criteria:
 - Buildings that have obtained a minimum level of EPC A, or BREEAM Excellent, DGNB Gold. Building that have obtained a minimum level of WELL Gold along with one of the above three certifications with their respective minimum levels.
 - Buildings that belong to the national top 15% of energy-efficient buildings based on PED.
 - In addition to the above criteria, a large non-residential building with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of more than 290 kW are subject to energy performance monitoring and assessments.
- Renovation of buildings that: i) leads to at least 30% in energy savings compared to pre-renovation levels; or ii) fulfils the cost-optimal minimum energy performance requirements as defined by the Energy Performance of Building Directive (EPBD).⁹ Sustainalytics notes that the EU Taxonomy¹⁰ requires meeting the relevant cost-optimal minimum energy performance requirements in accordance with the EPBD, which varies among EU Member States. Therefore, Sustainalytics encourages Ethias to report on the actual PED improvement or energy savings achieved in comparison with the existing building stock in the region.
- Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Clean Transportation category, Ethias may finance or refinance the following types of vehicles and associated infrastructure:
 - Public passenger transport, including metros, trams, trains, buses and ferries; commercial vehicles; and private transportation, including passenger cars, mopeds and motorbikes with zero tailpipe emissions.
 - Hybrid passenger and commercial vehicles with a tailpipe emission intensity at or lower than 50 gCO₂e/km until 2025 tested through the World Harmonized Light-duty Vehicle Test Procedure (WLPT).¹¹
 - Zero direct tailpipe emission freight transportation, including rail, road and water transport vehicles.
 - Low-emission heavy-duty vehicles with a tailpipe emission intensity at or lower than 25 gCO₂e/km.
 - Ethias has confirmed to Sustainalytics the exclusion of transportation of fossil fuels or fossil fuels blended with alternative fuels. In addition, Ethias will limit the transportation of fossil fuels to 25% of the mass in rail transportation and 50% of the mass in water transportation.
 - Ethias may also finance: i) associated infrastructure for zero direct emission transport, such as electric charging stations, electricity grid connection upgrades, hydrogen fueling stations or bicycle paths; and ii) infrastructure for zero direct emission public passenger transport, such as signaling systems for metros, trams and rail networks. Ethias has confirmed to Sustainalytics that it will exclude financing for parking facilities from the Framework.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Energy Efficiency category, Ethias may finance or refinance the following projects:
 - Energy transmission infrastructure and energy storage facilities that support or connect to renewables or grids with life cycle emissions below 100 gCO₂e/kWh over a rolling five-year period. The Company may also finance smart grid projects that are

⁶ BREEAM: <https://bregroup.com/products/breeam/>

⁷ DGNB: <https://www.dgnb-system.de/en/index.php>

⁸ WELL: <https://v2.wellcertified.com/en/wellv2/overview>

⁹ European Commission, "Energy Performance of Buildings Directive", at:

https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

¹⁰ European Commission, EU Taxonomy, at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex1_en.pdf

¹¹ WLTPfacts.eu, "What is WLTP and How Does It Work", at: <https://www.wltpfacts.eu/what-is-wltp-how-will-it-work/>

- intended to increase the renewable energy delivered to the grid or that support grid energy-efficiency improvements.
- Development, manufacture and installation of: i) energy-efficiency technologies, energy-efficient appliances that belong to the top two classes of the relevant EU Energy Label in accordance with Regulation (EU) 2017/1369 of the European Parliament,^{12,13} and smart meters; ii) energy-efficient machinery, products, appliances and meters that monitor energy efficiency in industrial or manufacturing processes; and iii) products or services that increase the energy efficiency in industrial or utility processes, including projects related to reduction of heat loss and increase of waste heat recovery. Sustainalytics notes that Ethias' reliance on energy labels for the use of proceeds related to appliances is aligned with the criteria outlined in the EU Taxonomy Climate Delegated Act including the Do No Significant Harm criteria.¹⁴
 - Construction and operation of pipelines and associated infrastructure for district heating and cooling. Eligible heating and cooling systems are those powered by at least i) 50% renewable energy; ii) 50% waste heat; iii) 75% cogenerated heat; or iv) a combination of renewable energy, waste heat or cogenerated heat making up 50%. Ethias has confirmed to Sustainalytics that where cogenerated heat involves combustion of gas, only biogas in accordance with the EU Taxonomy will be considered.
 - Ethias has confirmed that it will not finance projects intended to improve energy efficiency in hard-to-abate industries including oil and gas, chemicals, steel, cement, aluminium, aviation and shipping. In addition, Ethias has confirmed the exclusion of technologies and equipment powered by fossil fuels. Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Pollution Prevention and Control category, the Company may finance or refinance: i) waste recycling projects;¹⁵ ii) incineration of non-recyclable municipal waste; and iii) biogas production from agriculture waste and brewing industry following the EU Taxonomy.¹⁶
- Sustainalytics notes that agriculture waste for biogas production will be sourced from both crop farming and dairy farming. While the use of livestock residue for biomass energy may improve the environmental performance of some agricultural operations, large- and medium-scale livestock farming has a significant carbon and water footprint that is not addressed using livestock by-products in energy generation. Furthermore, such farming techniques may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers the use of residues from day-to-day operations of existing facilities for energy generation to provide positive impacts in the short term.
 - Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that due to constraints on recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends Ethias to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.
 - Sustainalytics considers expenditure under this category to be in line with market practice.
- Under the Environmentally Sustainable Management of Living Natural Resources and Land Use, Ethias may finance or refinance the following projects:

¹² European Commission, "About the Energy Label and Ecodesign", at: https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/energy-label-and-ecodesign/about_en#Energylabels

¹³ European Parliament, "Regulation (EU) 2017/1369", at: <https://eur-lex.europa.eu/eli/reg/2017/1369/oj>

¹⁴ European Commission, "EU Taxonomy Climate Delegated Act", (2021), at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

¹⁵ Ethias confirmed that in the case of recycling of electronic waste, the facilities should have an environmental and social risk mitigation plan.

¹⁶ European Commission, EU Taxonomy, at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex1_en.pdf

- Reforestation and afforestation projects that are certified under the Forest Stewardship Council (FSC)¹⁷ or the Programme for the Endorsement of Forest Certification (PEFC),¹⁸ and meet the requirements of applicable government or national guidance on establishment of sustainable forests.¹⁹
- Conservation of terrestrial and aquatic biodiversity, including the protection of coastal, marine and watershed environments.
- Rehabilitation, restoration and conservation of ecosystems from a degraded state.
- Sustainable aquaculture and fisheries projects certified by the Marine Stewardship Council (MSC)²⁰ and the Aquaculture Stewardship Council (ASC).²¹
- Sustainalytics considers expenditures under this category to be aligned with market practice.
- Sustainalytics notes that Ethias will exclude financing in the following sectors: weapons, thermal coal, tobacco and power generation from non-renewable energy sources, including nuclear. Additionally, projects directly connected to fossil fuel-based energy sectors will also be excluded under the Framework.
- Project Evaluation and Selection:
 - Ethias has established an internal committee, the Sustainable and Responsible Investment Management Meeting (SRIMM), which is responsible for evaluating, selecting and monitoring the eligible assets against the eligibility criteria in the Framework. The SRIMM is chaired by the Head of Asset Management and consists of representatives from the Asset Management, Risk Management, Legal, Life Insurance, Sustainability and Corporate Finance departments.
 - Ethias has in place a due diligence procedures aligned with UN Principles for Responsible Investment standards to manage ESG risks associated with closed end investments. For direct, real estate and alternative investments, the Company is developing an environmental and social risk management system which is expected to be completed by end of 2023.
 - Sustainalytics considers Ethias' project evaluation and selection process to be in line with market practice and encourages the Company to establish a comprehensive environmental and social risk identification and management procedure that covers all investment activities.
- Management of Proceeds
 - The Asset Management department under the SRIMM will be responsible for the management and allocation of proceeds on a portfolio basis. Proceeds will be tracked through a management software "Soliam"²² that earmarks the proceeds linked to the eligible assets.
 - Ethias intends to allocate all proceeds to eligible assets and projects within two years of issuance. Pending full allocation, unallocated proceeds will be invested, managed or held in cash or government securities. Ethias has confirmed to Sustainalytics that all temporary holding arrangements are subject to Ethias' Exclusion Policy.²³
 - Instruments issued under the Framework may include multi-tranche loan facilities. Ethias intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework. This is aligned with market practice.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Ethias commits to reporting on the allocation of proceeds and corresponding environmental impact, which will be published on the Company's website annually. Allocation reporting will include the total amount of proceeds allocated to eligible projects, the total number of eligible projects, the balance of unallocated proceeds and the amount or share of financing versus refinancing.

¹⁷ FSC: <https://ca.fsc.org/ca-en/what-is-fsc/fsc-certified-forests>

¹⁸ PEFC: <https://www.pefc.org/standards-implementation>

¹⁹ Ethias has communicated to Sustainalytics that the government or national guidance of sustainable forests cover the requirements on tree species that are adopted to the local conditions.

²⁰ MSC: <https://www.msc.org/standards-and-certification/fisheries-standard>

²¹ ASC: <https://www.asc-aqua.org/what-we-do/our-standards/>

²² Soliam: <https://www.vermeg.com/product-soliam/>

²³ Ethias, "Exclusion Policy", (2022), at: https://www.ethias.be/content/dam/ethias-investors/INVESTORS/PDF/rappports-ethias/2021_12_Exclusion_Policy_ENG.pdf

- Impact reporting will include metrics as per the ICMA Handbook on Harmonized Framework for Impact Reporting,²⁴ such as annual GHG emissions reduced or avoided (measured in tCO₂e), final or primary energy use (measured in kWh/m² of gross building area) or the number of clean vehicles deployed.
- Additionally, Ethias has confirmed to Sustainalytics that should it originate revolving credit facilities (RCFs) under the Framework, the Company will keep updated records of the allocation of the RCFs' proceeds until the maturity of the RCFs.
- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Ethias Green Financing Framework aligns with 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 Strategy of Ethias

Contribution to Ethias' sustainability strategy

Ethias demonstrates a commitment to sustainability through the environmental pillar of its ESG strategy, which is underpinned by three action areas: i) a decarbonization strategy; ii) a responsible investment strategy and iii) an environmental management system.

In line with these action areas, the Company has set a target to achieve carbon neutrality by 2030 with a milestone to reduce one-third of scope 1 and 2 CO₂ emissions by 2025²⁵ and decarbonize its investment portfolio by 2050. To validate this target, the Company has joined the Science Based Targets initiative (SBTi), and it is in the process of defining its decarbonization strategy.²⁶ Ethias has joined the Belgian Alliance for Climate Action, an organization that supports Belgian companies in defining their intermediate climate targets in alignment with SBTi.²⁷

Ethias became a signatory to the UN Global Compact and Principles for Responsible Investment (PRI) in 2021. Consistent with its commitment to the PRI, Ethias has established its Sustainable and Responsible Investment Policy, which is underpinned by four pillars: i) a commitment to responsible investment strategy; ii) a long-term perspective to investment; iii) direct investments; and iv) active ownership. Ethias internally reviews the policy at least on annual basis and publishes its findings on its website. In terms of improving the sustainability profile of its investment portfolio, Ethias has increased the share of sustainability bonds in its portfolio by 44% between 2018 and 2021 from EUR 111 million to EUR 619 million. Additionally, the Company excluded all thermal coal from its investment portfolio in 2017 and tobacco and conventional weapons in 2019.²⁸

In terms of its product portfolio, Ethias developed sustainable investment products targeting institutional clients. Ethias also offers sustainability-tied insurance products for green mobility and housing. It offers a beneficial rate for clean vehicle and bike insurances for both private and corporate customers. In addition, its home insurances automatically cover energy-efficiency upgrades, such as solar panels and heat pumps.²⁹

Sustainalytics is of the opinion that the Ethias Green Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further Ethias' action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the use of proceeds issued under the Framework will be directed towards eligible projects that are expected to have a positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to emissions, effluents and waste generated in construction; land use and biodiversity loss associated with

²⁴ ICMA, "Harmonised framework for impact reporting", (2022), at: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf

²⁵ Ethias, "Rapport non Financier 2021", at: https://www.ethias.be/corp/content/dam/ethias-corporate/docs/rapports-annuels/fr/2021/Ethias21_RNF_FR_WEB.pdf

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ethias, "Rapport non Financier 2021", at: https://www.ethias.be/corp/content/dam/ethias-corporate/docs/rapports-annuels/fr/2021/Ethias21_RNF_FR_WEB.pdf

²⁹ Ethias, "Mobilitéit", at: https://www.ethias.be/corporate/nl/Sustainability/Solutions_durables/Sustainability_Mobility.html#_ZBwr1XaZNZc

large-scale infrastructure development; occupational health and safety, stakeholder engagement; and business ethics. While Ethias has limited involvement in the implementation of specific projects that will be financed under the Framework, it is exposed to environmental and social risks through its financing portfolio.

Sustainalytics is of the opinion that Ethias is able to manage and mitigate potential risks through the implementation of the following:

- Regarding biodiversity loss, waste management, emissions and effluents, Ethias' Responsible Purchasing Policy requires the Company's suppliers to comply with national environmental regulation in the countries they operate. It also requires suppliers to minimize the environmental impact, including water, energy, raw materials and pollution, of the projects throughout its life cycle, as well as implement sustainable waste management practices.³⁰ Additionally, the EU Directive 2014/52/EU requires an environmental impact assessment for projects that are likely to have a significant impact on the environment to ensure that associated risks are adequately assessed before approval.³¹ The projects are also subject to regulatory standards based on the EU directive for industrial emissions.³²
- Regarding occupational health and safety, the Company's Social Code requires its affiliates, suppliers and direct subcontractors to comply with the agreements of the International Labour Organization, highlighting the right for freedom of association, non-discrimination, and prohibition of forced labour, child labour and employment of school-aged children. Ethias has established an Ethics Committee to ensure the compliance of the policy.³³
- Regarding business ethics, Ethias' Integrity Policy guides the Company in its treatment of insured individuals or legal persons in terms of data protection, contracting and conflict of interest. Ethias' Prevention Policy for Money Laundering and Financing of Terrorism and Anti-corruption Policy outline the Company's risk management strategy, training schemes, reporting and auditing procedures to address any unethical business practices.^{34,35} The policies align with the relevant national and EU regulations. Additionally, the Company's internal whistleblowing policy establishes a reporting channel through which employees can confidentially report violations or shortcomings.³⁶
- Since 2021, Ethias has endorsed the 10 principles of the UN Global Compact, through which it seeks to align its strategies and operations with sustainable and socially responsible policies regarding human rights, labour, the environment and anti-corruption.³⁷

While Sustainalytics considers Ethias to have adequate policies in place to address environmental and social risks commonly associated with the eligible categories, Sustainalytics notes that the Company is in the process of developing procedures to identify these risks during the project evaluation and selection stage, which is expected to be completed by end of 2023. Sustainalytics therefore encourages Ethias to establish a comprehensive procedure for identifying and managing environmental and social risks across all its investment activities.

Section 3: Impact of Use of Proceeds

All six use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

³⁰ Ethias, "Charter Verantwoorde Aankopen", at: https://www.ethias.be/corp/content/dam/ethias-corporate/docs/Sustainability/NL/Intro/2023_02_Charter_VERANTWOORDE_AANKOPEN

³¹ European Commission, "Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014", (2014), at: <https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

³² European Commission, "Industrial Emissions Directive", at: <https://ec.europa.eu/environment/industry/stationary/ied/legislation.htm>

³³ Ethias, "Sociaal Ethische Code", at: https://www.ethias.be/corp/content/dam/ethias-corporate/docs/Sustainability/NL/Intro/2021_05_Sociale_Ethische_Code.pdf

³⁴ Ethias, "Beleid inzake het voorkomen van het witwassen van geld en de financiering van terrorisme", at:

https://www.ethias.be/corp/content/dam/ethias-corporate/docs/Sustainability/NL/Compliance/Beleid_voorkomen_witwassen_en_financiering_terrorisme.pdf

³⁵ Ethias, "Corruptiebestrijding", at: <https://www.ethias.be/corp/content/dam/ethias-corporate/docs/Sustainability/NL/Compliance/Corruptiebestrijding.pdf>

³⁶ Ethias, "Whistleblowingprocedure", at: https://www.ethias.be/corp/content/dam/ethias-corporate/docs/Sustainability/NL/Compliance/Whistleblowingprocedure_NL.pdf

³⁷ Ethias, "Rapport non Financier 2021", at: https://www.ethias.be/corp/content/dam/ethias-corporate/docs/rapports-annuels/fr/2021/Ethias21_RNF_FR_WEB.pdf

Impact of renewable energy investments in Belgium

The energy sector accounted for 72% of Belgium's total GHG emissions, with fossil fuels representing 71% of the country's energy supply in 2020.^{38,39} Decarbonizing the energy sector is fundamental to meet the EU's and Belgium's emission reduction targets by 2030 and achieve carbon neutrality by 2050.⁴⁰ The Belgian government has set a target to reach a 13% share of renewable energy in its gross final energy consumption by 2020 and 18% by 2030.⁴¹ In 2020, the share of renewable energy in the country's gross final energy consumption was 12%, and is estimated to reach just 17% by 2030.⁴²

To accelerate the transition to a low-carbon energy mix and align with the EU requirements, the Belgian federal and regional governments developed a National Energy and Climate Plan (NECP), under which the federal state plans to develop offshore wind farms in the North Sea and through which it aims to deploy 4 GW of energy to Belgium's renewable energy mix.⁴³ The Flemish region expects to achieve a renewable energy generation of 28,512 GWh by 2030.⁴⁴ The Flemish government has set up policies, including the Solar Plan 2025, the Wind Plan 2025 and the Heat Plan 2025 to expand solar PV, wind energy and sustainable heating system installations.⁴⁵ Belgium's Wallonia region has committed to achieving a total share of renewable energy sources of 23.5% in its final consumption by 2030.⁴⁶ In the Brussels Capital region, the government has launched several initiatives to support its 470 GWh renewable energy target for electricity and heating and cooling sectors by 2030.⁴⁷ One of the initiatives is the SolarClick programme, which aims to install solar PV panels on the roofs of municipal and public buildings.⁴⁸ Despite Belgium's identified action plans to support the country's energy transition, the European Commission has indicated that Belgium's proposed plan projects limited investment in renewable energy, indicating that additional funding and measures be directed towards achieving the country's renewable energy targets by 2030.⁴⁹

Given the above, Sustainalytics is of the opinion that Ethias' financing of renewable energy projects is expected to contribute to expanding the use of renewables and consequently help reduce energy-related GHG emissions in Belgium.

Impact of green building investments in Belgium

Belgium's buildings sector accounted for 26.4% of the country's total GHG emissions in 2020 and 32% of the country's final energy consumption in 2019.^{50,51} Belgium has committed to reducing total CO₂ emissions by 35% by 2030 compared to 2005 levels and achieving carbon neutrality by 2050.⁵² The Belgian government aims to achieve complete decarbonization of the buildings sector by 2050 mostly through retrofits and energy-efficient solutions, such as smart technologies and a carbon-free energy mix.⁵³ In line with Belgium's climate commitments, regional governments in Belgium follow the EPBD requirements and implemented measures to improve the energy performance of performance, such as requiring improvements in insulation, indoor air quality and thermal comfort.⁵⁴ As part of these efforts, in 2020, the governments in the Flanders and Brussels Capital regions have set a threshold of 100 kWh/m² per year for new residential buildings' primary energy

³⁸ UNFCCC, "Summary of GHG Emissions for Belgium", at: https://di.unfccc.int/ghg_profiles/annexOne/BEL/BEL_ghg_profile.pdf

³⁹ IEA, "Belgium 2022: Energy Policy Review", (2022), at: https://iea.blob.core.windows.net/assets/638cb377-ca57-4c16-847d-ea4d96218d35/Belgium2022_EnergyPolicyReview.pdf

⁴⁰ Government of Belgium, "The national burden sharing", at: <https://klimaat.be/klimaatbeleid/belgisch/nationaal/lastenverdeling>

⁴¹ European Commission, "Assessment of the draft National Energy and Climate Plan of Belgium", (2019), at:

https://energy.ec.europa.eu/system/files/2019-06/be_swd_en_0.pdf

⁴² Government of Belgium, "Belgian Integrated National Energy and Climate Plan 2021-2030", at: https://energy.ec.europa.eu/system/files/2020-09/be_final_necp_parta_en_0.pdf

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Government of Flanders, "Flemish Energy and Climate Policy", at: <https://www.vlaanderen.be/natuur-milieu-en-klimaat/klimaatverandering-en-energie-en-klimaatbeleid/vlaams-energie-en-klimaatbeleid#energiesector>

⁴⁶ Government of Belgium, "Belgian Integrated National Energy and Climate Plan 2021-2030", at: https://energy.ec.europa.eu/system/files/2020-09/be_final_necp_parta_en_0.pdf

⁴⁷ Ibid.

⁴⁸ IEA, "Brussels SolarClick programme for public buildings", (2018), at: <https://www.iea.org/policies/6434-brussels-solarclick-programme-for-public-buildings>

⁴⁹ European Commission, "Assessment of the draft National Energy and Climate Plan of Belgium", (2019), at:

https://energy.ec.europa.eu/system/files/2019-06/be_swd_en_0.pdf

⁵⁰ Government of Belgium, "Vision and strategic workstreams for a decarbonised Belgium by 2050", (2020), at:

<https://climat.be/doc/visionandstrategicworkstreamsforadecarbonisedbelgiumby2050.pdf>

⁵¹ IEA, "Belgium 2022: Energy Policy Review", (2022), at: https://iea.blob.core.windows.net/assets/638cb377-ca57-4c16-847d-ea4d96218d35/Belgium2022_EnergyPolicyReview.pdf

⁵² Government of Belgium, "The national burden sharing", at: <https://klimaat.be/klimaatbeleid/belgisch/nationaal/lastenverdeling>

⁵³ Government of Belgium, "Vision and strategic workstreams for a decarbonised Belgium by 2050", (2020), at:

<https://climat.be/doc/visionandstrategicworkstreamsforadecarbonisedbelgiumby2050.pdf>

⁵⁴ Ibid.

consumption.^{55,56} Also in 2020, Wallonia has set a threshold of 85 kWh/m² per year.⁵⁷ An estimated 80% of Belgium’s building stock was built before the establishment of energy-efficiency standards⁵⁸ and the country’s annual renovation rate of approximately 1% falls short of the 2.5-3% required to achieve climate neutrality by 2050, indicating a need for more investments on deep renovations.^{59,60}

Based on the above, Sustainalytics is of the opinion that Ethias’ investment in green buildings is expected to contribute to emissions reduction in Belgium’s building sector and support the country in achieving its 2030 climate target.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Ethias Green Financing Framework are expected to help advance the following SDGs and targets:

| Use of Proceeds Category | SDG | SDG target |
|---|--|---|
| Renewable Energy | 7. Affordable and Clean Energy | 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix |
| Green Buildings | 9. Industry, Innovation and Infrastructure | 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities |
| Clean Transportation | 11. Sustainable Cities and Communities | 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 |
| Energy Efficiency | 7. Affordable and Clean Energy | 7.3 By 2030, double the global rate of improvement in energy efficiency |
| | 9. Industry, Innovation and Infrastructure | 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities |
| Pollution Prevention and Control | 12. Responsible Consumption and Production | 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse |
| Environmentally Sustainable Management of Living Natural Resources and Land Use | 12. Responsible Consumption and Production | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources |

⁵⁵ European Commission, “Strategy to Reduce the Environmental Impact of Existing Buildings in the Brussels Capital Region by 2030-2050”, (2020), at: https://energy.ec.europa.eu/system/files/2020-06/be_brussels_2020_ltrs_official_translation_en_0.pdf

⁵⁶ Government of Belgium, “Belgian Integrated National Energy and Climate Plan 2021-2030”, at: https://energy.ec.europa.eu/system/files/2020-09/be_final_necp_parta_en_0.pdf

⁵⁷ Government of Wallonia, “The Walloon long-term building renovation strategy”, (2020), at: https://energy.ec.europa.eu/system/files/2021-08/be_wal_2020_ltrs_en_version_0.pdf

⁵⁸ Housing Europe, “Recovery and Resilience Plan: Belgium”, at: <https://www.housingeurope.eu/file/1081/download>

⁵⁹ Government of Belgium, “Scenarios for a climate neutral Belgium by 2050”, (2021), at: <https://climat.be/doc/climate-neutral-belgium-by-2050-report.pdf>

⁶⁰ European Parliament, “Maximizing the energy efficiency potential of the EU building stock”, (2020), at: <https://oeil.secure.europarl.europa.eu/oeil/popups/printficheglobal.pdf?id=713195&l=en>

Conclusion

Ethias has developed the Ethias Green Financing Framework under which it may issue green bonds, debt private placements, loans and credit facilities and use the proceeds to finance projects related to renewable energy, green buildings, clean transportation, energy efficiency, pollution prevention and control and environmentally sustainable management of living natural resources and land use. Sustainalytics considers that the projects funded by the green finance proceeds are expected to provide positive environmental impact.

The Ethias 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 Ethias Green Financing Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11 and 12. Additionally, Sustainalytics notes that Ethias is developing procedures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds, with completion expected by end of 2023.

Based on the above, Sustainalytics is confident that Ethias is well positioned to issue green finance instruments and that the Ethias Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

Appendix

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

Section 1. Basic Information

| | |
|--|----------------------------------|
| Issuer name: | Ethias SA |
| Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: | Ethias Green Financing Framework |
| Review provider's name: | Sustainalytics |
| Completion date of this form: | April 14, 2023 |
| Original publication date: | November 12, 2021 |

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:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

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 categories for the use of proceeds – Renewable Energy, Green Buildings, Clean Transportation, Energy Efficiency, Pollution Prevention and Control, and Environmentally Sustainable Management of Living Natural Resources and Land Use – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investment in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Ethias' Sustainable and Responsible Investment Management Meeting is responsible for evaluating, selecting and monitoring the eligible assets against the eligibility criteria in the Framework. To mitigate ESG risks associated with its closed-end investments, Ethias has in place due diligence procedures aligned with UN Principles for Responsible Investment while it is developing an environmental and social risk management system for its direct, real estate and alternative investments. Sustainalytics considers Ethias' project evaluation and selection process to be in line with market practice and encourages Ethias to establish a comprehensive environmental and social risk management system that covers all investment activities.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|---|---|

- | | |
|--|--|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Ethias' Asset Management Department under the Sustainable and Responsible Investment Management Meeting will manage the allocation of proceeds on a portfolio basis and will track allocations to eligible assets using a software. Ethias intends to allocate all proceeds to eligible projects within two years of issuance. Pending full allocation, unallocated proceeds will be invested, managed or held in cash or government treasury securities, and will be subject to its exclusion policy. This is aligned with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

Ethias commits to reporting on the allocation of proceeds and corresponding environmental impact, which will be published on its website annually. Allocation reporting will include the total amount of proceeds allocated to eligible projects, the total number of eligible projects, the balance of unallocated proceeds and the amount or share of financing versus refinancing. Sustainalytics views Ethias' allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): number of eligible projects, unallocated amount, share of financing versus refinancing | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): Impact reporting will include metrics as per the ICMA Handbook on Harmonized Framework for Impact Reporting |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Information published on Ethias SA's website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

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

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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