

Second-Party Opinion

K-water Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the K-water Green Bond Framework is credible and impactful and aligns with the four pillars of the Green Bond Principles 2017.

Key strengths:



USE OF PROCEEDS The eligible categories for the use of proceeds (i.e. Climate Change Adaptation, Sustainable Water Supply, Renewable Energy and Water Management) are recognized by the Green Bond Principles as project categories with positive environmental benefits.



PROJECT EVALUATION / SELECTION K-water's project evaluation and selection process is executed through a multi-level committee chaired by the Vice-President of K-water. The projects are reviewed by a dedicated 'Investment and Funding Review Committee'. Sustainalytics views this process as in line with market best practices.



MANAGEMENT OF PROCEEDS K-water's processes for management of proceeds is in line with market practices. K-water's treasury team will track the green bond proceeds internally, with the lookback period for the allocation of net proceeds being 2 full years prior to the bond issuance year. Pending the full allocation, the balance will be earmarked and held in temporary investments in accordance with standard treasury management.



REPORTING K-water commits to issuing integrated allocation and impact reporting annually. The allocation reporting will include relevant transaction data such as the allocation of proceeds to eligible projects, while the impact reporting will comprise metrics for each of the 'Eligible Green Categories' (e.g. flood control capacity (in billion m³), number and length of waterways, installed capacity in MW, annual GHG emissions avoided, annual renewable energy production (in MWh), decrease of pollution concentration, etc.).

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Issuer Location	Daejeon, South Korea

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Introduction

Korea Water Resources Corporation (“K-water” or “the company”) is a state-owned company in South Korea which develops and manages water resources and water supply facilities. K-water constructs and manages multi-regional waterworks, multi-purpose dams, etc. The company also sells and rents land, and it operates and manages local waterworks and sewage treatment facilities. K-water was founded in 1967 and is headquartered in Daejeon, South Korea.

K-water has developed the K-water Green Bond Framework under which it is planning to issue multiple green or water bonds and use the proceeds to finance or refinance projects contributing to climate change adaptation, improved accessibility of sustainable water management systems, along with the development of renewable energy sources. The framework defines eligibility criteria in four areas:

1. Climate Change Adaptation
2. Sustainable Water Supply
3. Renewable Energy and
4. Water Management

K-water has engaged Sustainalytics to provide a second-party opinion on the alignment of the framework with the Green Bond Principles 2017 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”)¹, and the framework’s environmental credentials. This framework has been published in a separate document and may be used for the issuance of green or water bonds².

As part of this engagement, Sustainalytics received information by K-water to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the K-water green or water bonds. Sustainalytics also reviewed relevant public documents and non-public information. Following this engagement between K-water and Sustainalytics, some elements of the Green Bond Framework were clarified to ensure an alignment with the level of disclosure expected by ICMA’s Green Bond Principles 2017.

This document contains Sustainalytics’ opinion of the K-water Green Bond Framework and should be read in conjunction with that framework.

¹ ICMA’s Green Bond Principles 2017 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

² Available here: http://english.kwater.or.kr/eng/main.do?s_mid=4

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the K-water Green Bond Framework

Summary

Sustainalytics is of the opinion that the K-water Green Bond Framework is credible, robust and impactful, and aligns with the four pillars of the Green Bond Principles 2017. Key strengths of the framework are:

- The eligible use of proceeds categories (i.e. Climate Change Adaptation, Sustainable Water Supply, Renewable Energy and Water Management) are recognized by the Green Bond Principles as project categories with clear environmental benefits. For additional information, please refer to Section 3 for Sustainalytics' assessment on the use of proceeds;
- With respect to climate change adaptation, Sustainalytics assessed K-water's internal climate risk study which confirms the need to (i) reinforce dams in order to hedge against the accumulation of heavy precipitation, (ii) introduce a new dam management so as to proactively adjust water levels prior to and during heavy rainfall periods, and to (iii) accelerate conducting hydrology safety tests. Sustainalytics is of the opinion that basing the climate change adaptation criterion on specific risk studies strengthens the impact of the use of proceeds as it establishes a clear case that the adaptation infrastructure is being funded to prevent or avoid Probable Maximum Floods and improve the country's water-related climate change preparedness;
- The process for project selection and evaluation is conducted through a multi-level committee system chaired by the Vice-President of K-water and comprised of an 'Investment Committee', the corporate 'Finance Department' and the 'Corporate Sustainability Management Team'. The projects are reviewed by the 'Investment and Funding Review Committee'. Sustainalytics views this process as in line with market best practices;
- The management of use of proceeds is also aligned with market practices. The lookback period for the allocation of net proceeds is two full years prior to the bond issuance year. Thus, if a bond were to be issued in sometime during 2018, then the refinancing will include the period from 2016 to the date of bond issuance. K-water's treasury team will track the green bond proceeds internally; pending the full allocation, the balance of unallocated green proceeds will be earmarked and held in investment instruments in line with the company's treasury management;
- K-water commits to issue integrated allocation and impact reporting annually. The (i) allocation reporting will comprise relevant transaction information including allocation per Eligible Asset Categories, portion of financing vs refinancing and share of allocated amount versus total net proceeds. With regards to (ii) impact reporting, K-water will report on a comprehensive set of impact metrics tailored for each Eligible Green Categories. Sustainalytics assesses K-water's reporting practices as aligned with market practices.

Alignment with Green Bond Principles 2017:

Sustainalytics has determined that the K-water Green Bond Framework aligns to the four pillars of the Green Bond Principles 2017. For detailed information please refer to Appendix A: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of K-water

Contribution of framework to K-water's sustainability strategy

Sustainalytics is of the opinion that K-water has a strong sustainability profile and governance structure given the company's:

- K-water's mission "Opening the Future and Providing Happiness by Sharing Water"³ and its vision of becoming a "Global Water Professional";
- "New 50 Year Vision" built on three pillars: Water Circle, Water Value and Water Platform oriented towards building an optimal water cycle system benefitting the entire society. As part of this long-term vision, K-water implemented a series of strategic objectives including a target to increase the tap water drinking rate to 30% by 2026, to 80% by 2045 and to 90% by 2067 from a 5% rate in 2017⁴;

³ K-water Sustainability Report 2016 available at: http://english.kwater.or.kr/web/eng/download/smreport/2016_SMReport.pdf

⁴ K-water Sustainability Report 2016 available at: http://english.kwater.or.kr/web/eng/download/smreport/2016_SMReport.pdf

K-water Green Bond Framework

- Target to replace and improve 804km of old water pipelines by 2030 in order to supply safe and efficient tap water. Sustainalytics highlights K-water's implementation of a water quality grading system based on the WHO's and OECD's Global Water Quality Standard which helped the company's water purification plants secure a 99.73% achievement rate in both metropolitan and provincial areas in 2015⁵.
- Target to secure the safe supply of water in South Korea and reduce the number of people living under drought risk below 1% by 2045 and to 0% by 2067;
- Inauguration of the National Drought Information Analysis Center along with the introduction of mid- and long-term drought prevention measures following the 2014/2015 severe drought in South Korea. Sustainalytics highlights K-water's active measures to adjust water supply and redistribute water from water surplus regions to water stressed regions following abnormal weather conditions⁶;
- Introduction of a Water Resources Safety Management System along with an Earthquake Watch System, the first providing an automated warning framework for detecting facility abnormalities or external displacements and the latter conducting real-time seismic monitoring of national infrastructure (such as dams and weirs)⁷;
- New and renewable energy facilities totaling 1,345 MW in installed capacity (18% of the national total), which produced an annual output of 1,753 GWh/year and contributed to reduce about 1.35 million tonnes of CO₂ emissions a year⁸;

Overall, Sustainalytics is confident that K-water is well positioned to issue green or water bonds. The issuance of K-water's green or water bonds will positively contribute to K-water's "New 50 Year Vision" and its environmental targets.

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

Sustainalytics recognizes that potential upgrades or extensions of South Korean and overseas water distribution systems, wastewater management infrastructure, along with climate change adaptation and renewable energy projects, may be associated with environmental and social risks. Such risks may include soil or groundwater contamination or dust, particle and noise pollution and social risks such as workers' health and safety or community opposition.

K-water follows South Korean environmental and social regulations and complies with all national policies and guidelines to mitigate environmental and social risks associated with these projects. Besides respecting all laws and regulations in place in South Korea and overseas, the company implemented (i) a comprehensive 'Companywide Risk Management System' (CRMS) placed under the direction of the Senior Executive Vice President. The CRMS is divided into multiple pillars focusing on prevention activities, detecting potential risks, impact and probability, risk response and monitoring and reporting. Additionally, the company designated (ii) the 4th day of every month as 'K-water Safety Check Day' designed to remove all poor safety precautions and enhancing safety awareness, and K-water's (iii) implementation of a companywide 'Green Management Policy' provides assurance that unexpected pollution accidents are prevented or adequately managed. Furthermore, K-water specifically introduced 'Prevention of pollution (air, water and soil)' and 'Compliance with environmental laws and regulations' in the company's top 20 sustainability management aspects within the company's Materiality Framework⁹.

Overall, Sustainalytics is confident that K-water is well positioned to identify, manage and mitigate environmental and social risks associated with the projects financed.

⁵ K-water Sustainability Report 2016 available at: http://english.kwater.or.kr/web/eng/download/smreport/2016_SMReport.pdf

⁶ K-water Sustainability Report 2016 available at: http://english.kwater.or.kr/web/eng/download/smreport/2016_SMReport.pdf

⁷ K-water Sustainability Report 2016 available at: http://english.kwater.or.kr/web/eng/download/smreport/2016_SMReport.pdf

⁸ K-water Sustainability Report 2016 available at: http://english.kwater.or.kr/web/eng/download/smreport/2016_SMReport.pdf

⁹ K-water Sustainability Report 2016 available at: http://english.kwater.or.kr/web/eng/download/smreport/2016_SMReport.pdf

Section 3: Impact of Use of Proceeds

Contribution of adaptation projects to South Korea's climate change preparedness

South Korea's Adaptation Center for Climate Change¹⁰ (KACCC) launched a National Climate Change Adaptation Plan of Korea¹¹ which identifies heavy rainfalls and increased precipitation as the most material causes of climate change-related impacts and natural disasters. KACCC indicated that in the last century there has been a 19% increase in precipitation and 18% increase in precipitation intensity in the Korean peninsula. Accordingly, South Korea's National Climate Change Adaptation Master Plan highlights the need for South Korea to (i) establish a stable water supply system and (ii) minimize water related disasters such as dam collapses or waterway displacements.

Importance of Sustainable Water Supply and Water Management projects towards achieving K-water's water quality commitments

While South Korea's total annual rainfall volume averages 1,227 mm, or more than 1.6 times higher than the global average (807 mm), due to South Korea's high population density, the rainfall per person stands at 17% of the global average (16,427 m³)¹², hence making sustainable water resources management especially critical. Moreover, most recent studies suggested increased seasonality and regional variability of mean and extreme precipitation, with the rainfall variation likely to increase over time, thus putting increased pressure on water quality and availability¹³.

Sustainalytics views positively K-water's integrated water management practices and is of the opinion that the company's proposed projects to adjust and redistribute water supply from water surplus regions to water-stressed regions via the construction of water transmission pipelines would positively contribute to rebalancing South Korea's water needs. Moreover, Sustainalytics highlights K-water's proactive stance on replacing old water pipelines and upgrading them into multi-pipeline water systems along with the addition of water filtration and water purification facilities. Sustainalytics is of the opinion that K-water's current and future sustainable water projects will increase South Korea's water quality and will contribute to achieving the company's target to increase its long-term tap water drinking rates.

Contribution of Renewable Energy projects to South Korea's climate-related goals

Sustainalytics recognizes the environmental benefits of renewable energy power production stemming from K-water's proposed renewable energy projects. Sustainalytics is of the opinion that any extension of K-water renewable energy production capacity will have a positive contribution in reducing and replacing South Korea's reliance on fossil fuels over the long-term. In this sense, Sustainalytics highlights that K-water's renewable energy projects will enhance South Korea's sustainability profile and help the country meet its Paris Climate Agreement commitments to reduce its overall CO₂ emissions by 37% below BAU levels by 2030¹⁴.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Climate Change Adaptation	11. Sustainable Cities and Communities	11.b. By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusions, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.

¹⁰ Official KACCC English website available at: http://ccas.kei.re.kr/english/eng_index.do

¹¹ English presentation available at: <http://www.oecd.org/env/cc/50426677.pdf>

¹² K-water Sustainability Report 2016 available at: http://english.kwater.or.kr/web/eng/download/smreport/2016_SMRReport.pdf

¹³ <http://onlinelibrary.wiley.com/doi/10.1002/joc.2068/pdf>

¹⁴ <https://www.nrdc.org/sites/default/files/paris-climate-conference-SouthKorea-IB.pdf>

Sustainable Water Supply	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
Renewable Energy and Other Renewable Energy Assets	7. Affordable and Clean Energy	7.2 by 2030, increase substantially the share of renewable energy in the global energy mix.
Water Management	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.

Conclusion

Korea Water Resources Corporation has developed a Green Bond Framework under which it intends to issue green bonds. The proceeds of the bonds will be used to finance or refinance expenditures in areas of (i) Climate Change Adaptation, (ii) Sustainable Water Supply, (iii) Renewable Energy and (iv) Water Management. The eligible categories are recognized by the Green Bond Principles as project categories with clear environmental benefits, and Sustainalytics views these categories as having a positive impact.

Sustainalytics is of the opinion that the projects funded by the proceeds of the green bonds will deliver a net positive contribution to K-water's sustainability commitments established in its 'New 50 Year Vision', in addition to contributing to SDGs 11, 6 and 7.

Based on the above, Sustainalytics is confident that K-water is well-positioned to issue green bonds and that its Green Bond Framework is credible, robust and well-aligned with the four pillars of the Green Bond Principles.

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

Section 1. Basic Information

Issuer name: Korea Water Resources Corporation (K-water)

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: *[specify as appropriate]*

Review provider's name: Sustainalytics

Completion date of this form: March 11, 2018

Publication date of review publication: *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

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 GBPs:

- | | |
|--|--|
| <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 the K-water Green Bond Framework, available at http://english.kwater.or.kr/eng/main.do?s_mid=4 and the Second-Party Opinion document 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*):

Proceeds of the green bonds will be used to refinance or finance, in whole or in part, existing (refinancing) and future projects that contribute to the climate change adaptation and improved accessibility of sustainable water management systems, along with the deployment of renewable energy sources. Specifically, the net green proceeds will be used towards projects relating to (i) Climate Change Adaptation, (ii) Sustainable Water Supply, (iii) Renewable Energy, and (iv) Water Management.

All eligible project categories align with those recognized by the Green Bond Principles as having clear environmental benefits. Additionally, Sustainalytics is of the opinion that projects funded by the proceeds of the green bonds will positively contribute to advance K-water's sustainability commitments established in the "New 50 Year Vision", as well as SDGs 11, 7, 6.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input 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 GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

The process for project selection and evaluation is conducted through a multi-level committee system chaired by the Vice-President of K-water and comprised of an 'Investment Committee', the corporate 'Finance Department' and the 'Corporate Sustainability Management Team'. The projects are reviewed by the 'Investment and Funding Review Committee'. Sustainalytics views this process as in line with market best practices.

Evaluation and selection

K-water Green Bond Framework

- | | |
|--|--|
| <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 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*):

The management of use of proceeds is in line with market practices. K-water's treasury team will track the green bond proceeds internally via Excel sheet, with the lookback period for the allocation of net proceeds being 2 full years prior to the bond issuance year; pending full allocation, the balance of unallocated green proceeds will be earmarked and held in investment instruments in line with the company's treasury management.

Tracking of proceeds:

- | |
|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input 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 type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input 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*):

K-water commits to issue integrated allocation and impact reporting annually. The (i) allocation reporting will comprise relevant transaction information including allocation per Eligible Asset Categories, portion of

K-water Green Bond Framework

financing vs refinancing and share of allocated amount versus total net proceeds. With regards to (ii) impact reporting, K-water will report on a comprehensive set of impact metrics tailored for each Eligible Green Categories. Sustainalytics assesses K-water's reporting practices as aligned with market practices.

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 (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): (i) portion of financing vs refinancing | |

Frequency:

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

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 (please specify): |

Frequency:

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

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): (i) flood control capacity (in billion m ³), (ii) number and length of waterways, (iii) resilience indicators (number of reduced floods or expected decrease of flooding probability), (iv) millions of m ³ , (v) number of people and cities served, (vi) installed capacity in MW, (vii) annual GHG emissions avoided, (viii) annual renewable energy production in MWh, (ix) million of additional m ³ , (x) number of people and cities served, (xi) decrease of pollution concentration, (xii) installed capacity in MW, (xiii) annual GHG emissions avoided (in tonnes of CO _{2e}), (xiv) |

annual renewable energy production
in MWh

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 (please specify): Available on K-water's website (English version) at:
http://english.kwater.or.kr/eng/main.do?s_mid=4 |
| <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.)

http://english.kwater.or.kr/eng/main.do?s_mid=4 http://english.kwater.or.kr/eng/sust/sub03/reportPage.do?s_mid=1108
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SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Review provider(s):

Date of publication:

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

- i. Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialized research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

Disclaimer

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As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.

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Sustainalytics

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