

Second-Party Opinion

Jyske Bank Group Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Jyske Bank Group Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Green Buildings, Clean Transportation, Sustainable Use of Natural Resources, and Recycling and Sustainable Production – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 2, 6, 7, 9, 11, 12, 14, and 15.



PROJECT EVALUATION / SELECTION Jyske Bank Group's process in evaluating and selecting projects is managed by the Committee, which is comprised of members of the Credit, Risk Management, Treasury and Investor Relations & Sustainability divisions, and one member from the Executive Board. Based on these elements, Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS Jyske Bank Group's process for management of proceeds is overseen by the Risk Management and Treasury Management departments. The Bank will keep registers of financed activities within existing internal tracking systems. Proceeds could be allocated on a portfolio or loan-by-loan basis. Any unallocated proceeds will be temporarily held and/or invested in cash or other short-term and liquid securities. Jyske Bank intends to achieve a level of allocation for eligible assets which matches or exceeds the balance of net proceeds from green bonds over time. Based on these elements, Sustainalytics considers this process to be in line with market practice.



REPORTING Jyske Bank intends to report on the allocation of proceeds on its website on an annual basis. The allocation reporting will include details such as total allocation, allocation to each eligible category, progress on the targets set in the Framework. In addition, Jyske Bank intends to report on relevant impact indicators, such as energy and GHG savings. Based on these elements, Sustainalytics considers this process to be in line with market practice.

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Issuer Location Silkeborg, Denmark

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Introduction

Jyske Bank Group (“Jyske Bank”, or the “Company”) is the third-largest bank in the Danish market. Founded in 1967, Jyske Bank offers financial solutions for private customers and companies, including mortgages, investment advisory and fund management. The bank is headquartered in Silkeborg and has 3,363 full time employees.

Jyske Bank has developed the Jyske Bank Group Green Finance Framework (the “Framework”) under which Jyske Bank A/S and Jyske Realkredit A/S, intends to issue multiple green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that will support the transition to green and sustainable development, and GHG emissions reduction. The Framework defines eligibility criteria in five areas:

1. Renewable Energy
2. Green Buildings
3. Clean Transportation
4. Sustainable Use of Natural Resources
5. Recycling and Sustainable Production

Jyske Bank engaged Sustainalytics to review the Jyske Bank Group Green Finance Framework, dated December 2020, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

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

- The Framework’s alignment with the Green Bond Principles 2018, as administered by ICMA;
- 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 1.6.1, 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 Jyske Bank’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Jyske Bank representatives have confirmed (1) they understand it is the sole responsibility of Jyske Bank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

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 Jyske Bank Group Green Finance Framework is available on Jyske Bank Group’s website at: <http://jyskebank.dk/greenfinanceframework>

³ 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.

projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Jyske Bank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Jyske Bank Group Green Finance Framework

Sustainalytics is of the opinion that the Jyske Bank Group Green Finance Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of Jyske Bank's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Green Buildings, Clean Transportation, Sustainable Use of Natural Resources, and Recycling and Sustainable Production – are aligned with those recognized by the GBP. Sustainalytics is of the opinion that the financed activities may contribute to increase renewable energy production, improve energy performance of the Danish building stock, transition to low-carbon transport systems, and support certified products.
 - Jyske Bank may provide loans to finance or refinance the manufacturing, installation, and repair of Renewable Energy facilities according to the following eligibility criteria:
 - Energy generation from wind, solar and geothermal sources subject to a life-cycle emissions threshold below 100gCO₂e/KWh. The emissions threshold is lowered by 5gCO₂e/KWh each year, which Sustainalytics views positively.
 - Biofuel production, electricity and Combined Heat and Power (CHP) generation from waste and non-waste biomass subject to a life-cycle emissions threshold of 100gCO₂e/KWh. The emissions threshold is lowered by 5gCO₂e/KWh each year, which Sustainalytics views positively. Non-waste biomass feedstock with one of the following certifications is eligible: Sustainable Biomass Programme (SBP), Roundtable on Sustainable Biomaterials (RSB), International Sustainability & Carbon Certification (ISCC) Plus. In addition, the Framework excludes feedstock sourced from areas with high biodiversity and carbon stock, such as forests, wetlands and peatlands. Sustainalytics views these as credible biomass certification schemes, for Sustainalytics' assessment, please refer to Appendix 1.
 - Hydrogen and Power-to-X⁴ using electrolysis technology where: (i) electricity with average carbon intensity at or below 100gCO₂e/kWh,⁵ and/or (ii) hydrogen with direct CO₂ emissions at or below 5.8tCO₂-e/t-hydrogen.⁶
 - Transmission of energy produced with less than 100gCO₂e/kWh in average over five years, and/or transition of heat based on electricity produced with less than 100g CO₂e/kWh. The emissions thresholds are lowered by 5gCO₂e/KWh each year, which Sustainalytics views positively.
 - Sustainalytics views the establishment of direct emission thresholds as strengthening the Framework.
 - Within Green Buildings, Jyske Bank may finance and refinance the acquisition, construction and/or refurbishment of green buildings in Denmark. To be considered as eligible for financing, one of the following eligibility criteria must be met:

⁴ Excluding any natural gas-to-hydrogen.

⁵ The carbon emissions threshold of electricity used is lowered by 5gCO₂e/KWh each year subsequent to financing by Jyske Bank.

⁶ EU, "Taxonomy Report: Technical Annex", (2020), at:

https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

- Buildings with EPC labels A and B.
 - Buildings constructed after 2009 that are compliant with one of the following building codes⁷: BR08, BR10, BR15, BR18 or any later building code, all of which are consistent with EPC label B. Sustainalytics notes that EPC label B constitutes the top 15% of building stock in Denmark, which is aligned with market practice.
 - Renovations of existing buildings that lead to at least 30% reduction in total energy consumption (kWh/m²/yr). Sustainalytics notes this emissions threshold is aligned with market practice.
 - Loans to residential properties for which at least 66.6% of the total loan is intended for energy reduction. While Sustainalytics acknowledges the importance of incentivizing homeowners to improve the energy efficiency of their homes, Sustainalytics notes that, without the establishment of a minimum energy efficiency threshold, and given that >30% of the loan can go to non-energy-related renovations, we are unable to comment on the impact of this category and consider it to be a limitation of the Framework.
- Regarding Clean Transportation, Jyske Bank may finance low-emission cars and vans, and passenger transportation vehicles, including buses, trains and ferries, with direct emissions below 50gCO₂e/km, which is aligned with market practice.⁸ Jyske Bank may also finance low-emission freight transport vehicles⁹ with: (i) no direct emissions (threshold of 1gCO₂/km), (ii) specific CO₂ emissions of half of the reference CO₂ emissions of all vehicles in the sub-group to which the heavy-duty vehicle belongs,¹⁰ or (iii) solely using advanced biofuels or renewable liquid and gaseous¹¹ transport fuels. The Framework also includes financing for clean transport infrastructure, including charging stations and electrified rails. Sustainalytics positively views the establishment of emission thresholds.
 - Regarding Sustainable Use of Natural Resources, Jyske Bank may provide general purpose financing to pure-play companies that derive >90% of their revenue from the sale of certified agriculture, forestry or fishery products. Eligible certifications include:
 - EU and/or Danish Organic agriculture, excluding financing of livestock activities. Agriculture that aligns with the EU Taxonomy TEG report criteria for the growing of perennial and non-perennial crops is also considered to be eligible. Sustainalytics considers these criteria and schemes to be robust and credible.¹² For Sustainalytics assessment of the organic certification, please refer to Appendix 1.
 - Forestry certifications include the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). Sustainalytics notes that these are credible, robust schemes, for Sustainalytics' assessment of these schemes, please refer to Appendix 2.
 - Sustainable fisheries and aquaculture certifications include Marine Stewardship Council (MSC) and by Aquaculture Stewardship Council (ASC). Sustainalytics views these both as credible, robust schemes, for Sustainalytics' assessment of these schemes, please refer to Appendix 3.
 - Regarding Recycling and Sustainable Production, Jyske Bank may finance activities that comply with the following eligibility criteria:
 - Project-specific financing for the production of products from recycled materials where carbon emissions are at least 30% lower than alternative manufacturing based on fossil-fuel materials/virgin inputs.
 - Project-specific financing for manufacturing of plastic aligned with the criteria set by EU technical expert group on sustainable finance.¹² Manufacturing of plastic derived from renewable feedstock should be derived from at least 50 % renewable feedstock.
 - Facilities and technologies protecting water resources from pollution and reducing water consumption/increasing efficiency of water distribution systems.
 - Activities including ocean clean-up and/or air and water purification and sterilisation solutions leading to significant lower emissions of pollutants into air, water or land, as compared to a situation without the activity. Sustainalytics positively notes that the

⁷ All buildings constructed after 2009 and compliant with BR08 or later have a minimum EPC label B.

⁸ This activity is only eligible until 2025.

⁹ Issuer confirmed that freight transport will not be eligible for transport of fossil fuels (>50% of freight/t-km)

¹⁰ Listed in Annex I of EU Regulation 2019/1242 on setting CO₂ emission performance standards for new heavy-duty vehicles, at: <https://eur-lex.europa.eu/eli/reg/2019/1242/oj>

¹¹ Liquefied Natural Gas is excluded

¹² EU, "Taxonomy Report: Technical Annex", (2020), at: https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf.

- Issuer has excluded the financing of projects or activities aimed at reducing the pollution from fossil-fuel powered technologies.
- Combined heat and power (CHP) generation from municipal solid waste where plastic, recyclable and/or hazardous materials are separated prior to incineration.
 - Material recycling facilities for segregation and sortation of recyclable materials from municipal waste streams.
- Project Evaluation and Selection:
 - Jyske Bank Group’s process in evaluating and selecting projects is managed by the Committee, which is comprised by members of the Credit, Risk Management, Treasury and Investor Relations & Sustainability divisions, and one member from the Executive Board. The Committee has the overall responsibility to oversee the evaluation and selection process against the criteria established in the Framework. Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Jyske Bank’s process for management of proceeds is overseen by the Group’s Risk Management and Treasury Management Departments. The Bank will keep registers, per issuing entity, of all financed activities within existing internal tracking systems. The Group’s Risk Management and Treasury Management departments will monitor underlying assets each quarter. Proceeds will be allocated on a portfolio basis or on a loan-by-loan-basis. The Bank intends to allocate green bond proceeds within one year of issuance. Should any proceeds remain unallocated, they will be temporarily held and/or invested in cash or other short-term and liquid securities. Jyske Bank intends to achieve a level of allocation for eligible assets which matches or exceeds the balance of net proceeds from green bonds over time. Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - Jyske Bank intends to report on the allocation of proceeds on its website on an annual basis. The allocation reporting will include details such as total allocation, allocation to each eligible category, progress on the targets set in the Framework, total unallocated proceeds and share of financing vs. refinancing. In addition, Jyske Bank intends to report on relevant impact indicators, such as energy and GHG savings. Based on these elements, Sustainalytics considers this process to be in line with market practice. For an exhaustive list of impact metrics, please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Jyske Bank Group Green Finance Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Jyske Bank/ Sustainability Strategy of Jyske Bank

Contribution of framework to Jyske Bank Group’s sustainability strategy

Sustainalytics is of the opinion that Jyske Bank demonstrates a strong commitment to sustainability with a focus on three key environmental areas: (i) Sustainable properties, (ii) Renewable energy, and (iii) Sustainable means of transportation, as highlighted by the following actions:¹³

- 10% of Jyske Bank’s lending and wealth management activities are considered to have positive environmental impacts, consisting primarily of loans to sustainable buildings, loans to sustainable energy production and the financing of low-emission vehicles.¹⁴
- As part of (i) “Sustainable properties”, Jyske Bank provides advice on and financing for energy-efficient properties.¹³ At the end of 2019, the Bank had issued loans to green buildings for DKK 64.8

¹³ Jyske Bank, “Annual Report 2019”, at: <https://bit.ly/32VJjgr>

¹⁴ Jyske Bank, “Jyske Bank identifies sustainable lending areas”, (2020), at: <https://investor.jyskebank.com/investorrelations/sustainability/sustainable-lending-areas>

billion (€8.7 billion).¹⁵ Activities funded via the Framework will assist and motivate Jyske Bank clients to undertake energy renovation of their properties.¹⁶

- As part of (ii) “Renewable Energy” Jyske Bank has established a target to finance additional 2 TWh of renewable energy capacity by 2025, corresponding to 6% of the production in Denmark in 2018.¹⁶ At the end of 2019, the Bank had issued renewable energy loans in the amount of DKK 2.9 billion (€389 million).¹⁵
- As part of (iii) “Sustainable means of transportation”, Jyske has established a target to achieve 40% of new vehicles loans for the financing of low-emission vehicles by 2025.¹⁷ At the end of 2019, the Bank had issued loans to green transport for DKK 557 million (€74 million).¹⁵
- Jyske Bank has communicated to Sustainalytics that they are in the process of developing additional quantitative, time-bond targets for the other categories, including Sustainable Use of Natural Resources, Recycling and Sustainable Production, Sustainable Water and Wastewater management and Pollution Prevention and Control. Sustainalytics positively recognizes the Bank’s commitment to establishing targets and encourages the Bank to publicly report on the new targets.

Sustainalytics is of the opinion that the Jyske Bank Group Green Finance Framework is aligned with the company’s overall sustainability strategy and initiatives and will further the Company’s action on its key environmental priorities.

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

While Sustainalytics recognizes that the net proceeds from the bonds and/or loans issued under the Framework will be directed towards eligible projects that are recognized by the GBP to have positive environmental impact, such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include worker health and safety, change of land use and ESG risks associated to the projects financed.

Sustainalytics is of the opinion that Jyske Bank is able to manage and/or mitigate potential risks through implementation of the following:

- Jyske Bank is a signatory of the UN Principles of Responsible Banking by which it commits to perform an impact analysis of the Group’s areas of business activities.¹³
- Jyske Bank has completed a Preliminary Impact Analysis to identify the three or four most significant areas within the Bank’s current business model and activities (negative impacts) and similarly three or four areas that support sustainability (positive impacts) in relation to the UN’s 17 Sustainable Development Goals. From this impact analysis they identified some of the green lending areas that are included in the Bank’s Framework, i.e. Renewable energy, Sustainable means of transportation.¹⁸
- Jyske Bank incorporates ESG issues into their investment considerations and decisions, including profitable investments that also support sustainable measures.¹⁹
- Denmark is classified as a “Designated Country” under the Equator Principles, under which a minimum standard for due diligence and monitoring to support responsible risk decision-making is provided, implying robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment.²⁰

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Jyske Bank has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

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

¹⁵ Jyske Bank, “Facts about Jyske Bank’s efforts to reduce its carbon emissions”, (2020), at:

<https://investor.jyskebank.com/investorrelations/sustainability/wind-turbine>

¹⁶ Jyske Bank, “Sustainability at Jyske Bank”, at: <https://investor.jyskebank.com/investorrelations/sustainability>

¹⁷ Jyske Bank, “Objectives and initiatives for sustainable lending areas”, at: <https://investor.jyskebank.com/investorrelations/sustainability>

¹⁸ Jyske Bank, “PRB Impact Analysis, Greenhouse Gas Emissions”, at: <https://bit.ly/2lOqeWY>

¹⁹ Jyske Bank, “2019 Corporate Social Responsibility Report”, at: <https://bit.ly/3lFpDER>

²⁰ Equator Principles, “Designated Countries” at: <https://equator-principles.com/designated-countries/>

The importance of Green Buildings, Renewable Energy and Clean Transportation to achieve Denmark's carbon emissions reduction target.

Denmark's climate change mitigation policies are driven by both national ambitions and international compliance obligations.²¹ By 2030, Denmark has committed to reducing its greenhouse gas (GHG) emissions by 70% compared to a 1990 baseline.²² These climate targets are defined in the Climate Act, the framework for Danish climate policy. In 2018, Denmark emitted 54.8 million tonnes of CO₂e, 29% less than in 1990. In a business-as-usual scenario, Denmark will achieve a 44% emissions reduction by 2030, 26% below the goal. Support in key sectors, including residential and commercial buildings, renewable energy and clean transportation can help to achieve additional emissions reductions and further advance Denmark towards its climate goals.

Green buildings

The building sector is of particular importance. Almost 40% of Denmark's total energy is consumed by buildings,²³ and in 2018 the electricity and heat supply to Danish households and business accounted for 20% of total emissions. In order to achieve the 70% reduction target, emissions of this sector are expected to decrease to 5% by 2030.²⁴ Jyske Bank uses EPC labels A and B which correspond with the top 15% most energy efficient residential buildings in Denmark for which EPCs have been granted.²⁵ In addition, Jyske Bank intends to finance buildings that achieve at least 30% reduction of energy consumption.

Renewable energy

Regarding renewable energy, Denmark is working towards being independent from fossil fuels by 2050. In addition to its international and EU-specific commitments, Denmark has very ambitious national targets: meeting at least 50 % of energy demand with renewable energy in 2030.²⁶ Renewables-based electricity supply capacity is expected to rise to 12 GW by 2030. Deployment of 4,300 MW offshore wind, 5,500 MW solar PV, and 1,700 MW onshore wind is expected from 2018 to 2030. Overall, offshore wind power and solar PV are expected to account for more than 40% and 15% of Danish electricity production in 2030 respectively.²⁴ In this context, Sustainalytics notes positively Jyske Bank target to finance additional 2 TWh of renewable energy generation by 2025.

Clean transportation

The transport sector is expected to account for 32% of Denmark's total emissions in 2030. Within the sector, road transport is expected to account for 92% of the total emissions, where passenger cars alone will account for 58% of those emissions.²⁴ Decreasing these emissions will depend on the increased electrification of road transport, as well as increased efficiency of vehicles. As such, Sustainalytics believes that Jyske Bank's financing of low-emission passenger cars and vans, as well as passenger transport and infrastructure to support clean transport will have a positive impact in reducing the emissions of the transport sector.

Overall, Sustainalytics believes that Jyske Bank's financing of green buildings, renewable energy and clean transportation will support Denmark's goal to achieve 70% GHG emissions reduction by 2030.

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 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.

²¹ Danish Energy Agency, "Danish climate policies", at: <https://ens.dk/en/our-responsibilities/energy-climate-politics/danish-climate-policies>

²² Danish Ministry of Climate, "Energy and Utilities", at: <https://bit.ly/3nz8q0E>

²³ Danish Energy Agency, "Energy Savings", at: <https://ens.dk/en/our-responsibilities/energy-savings>

²⁴ Danish Energy Agency, "Denmark's Climate and Energy Outlook 2020", at: <https://bit.ly/35G7FFy>

²⁵ SparEnergj, at: <https://sparenergi.dk/forbruger/vaerktoejer/find-dit-energjimaerke>

²⁶ IEA, "Energy Policies of IEA Countries: Denmark 2017 Review", at: <https://webstore.iea.org/download/direct/266>

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
Sustainable Use of Natural Resources	2. Zero hunger 12. Responsible consumption and production 14. Life below water 15. Life on land	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality 12.2 By 2030, achieve the sustainable management and efficient use of natural resources 14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Recycling and Sustainable Production	6. Clean water and sanitation 12. Responsible consumption and production	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 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

Jyske Bank Group has developed the Jyske Bank Group Green Finance Framework under which it will issue green bonds and the use of proceeds to finance projects that will support the transition to green and sustainable development, and GHG emissions reduction. Sustainalytics expects that the projects funded by the green bond proceeds will provide positive environmental impact.

The Jyske Bank Group Green Finance 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 Jyske Bank Group Green Finance 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 2, 6, 7, 9, 11, 12, 14, and 15. Additionally, Sustainalytics is of the opinion that Jyske Bank has adequate measures to identify, manage and

mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Jyske Bank Group is well-positioned to issue green bonds and that the Jyske Bank Group Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Sustainalytics' assessment of EU Organic

	EU Organic²⁷
Background	The EU Organic Farming is a European wide label organized under the European Commission's Council Regulation (EC) no 834/2007. The regulation covers the organic production and labelling of organic products including live or unprocessed agricultural products, processed agricultural products for use of food, feed, and vegetative propagating material and seeds for cultivation.
Clear positive impact	Promotion of a sustainable management system that respects nature's systems, contributes to biological diversity, uses energy responsibly, respects high animal welfare standards.
Minimum standards	The EU Organic Farming system prohibits the use of GMOs (minimum 95% GMO free), the use of ionizing radiation and sets core requirements for plant production, production rules for seaweed, livestock production rules, production rules for aquaculture animals.
Scope of certification or programme	The EU Organic Farming system addresses key risks such as substance use (e.g. pesticides, soluble fertilizers, soil conditioners or plant protection products), the maintenance and enhancement of soil life, natural soil fertility, soil stability and biodiversity, preventing and combating soil damage (compaction, erosion).
Verification of standards and risk mitigation	Certified entities undergo audits to ensure compliance with criteria and continuous improvement at least once a year, or more often based on a risk assessment.
Third party expertise and multi-stakeholder process	The EU Organic Farming is a government-based standard resulting from public consultations and third-party deliberations in line with the European Commission's typical legislative approach.
Performance display	
Third-party verified	Every Member State must designate one or more private and/or public control authorities in charge for the organic production and labelling of organic products in the EU Member States.
Qualitative considerations	The EU Organic Farming system is widely recognized across all 28 Member States. Currently, 11.9% million hectares are currently certified under the system, with the whole organic area representing 6.2% of the total utilized agricultural area in the European Union.

²⁷ European Commission, "Organic farming", at: https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming_en.

Appendix 2: Sustainalytics' assessment of forestry certification schemes

	Forest Stewardship Council (FSC) ²⁸	Programme for the Endorsement of Forest Certification (PEFC) ²⁹
Background	The Forest Stewardship (FSC) is a non-profit organization established in 1993 that aims to promote sustainable forest management practice by evaluating forest management planning and practices independently against FSC's standards.	Founded in 1999, the Programme for the Endorsement of Forest Certification (PEFC) is a non-profit organization that promotes sustainable forest management through independent third-party certification, this includes assessments, endorsements and recognition of national forest certification systems. PEFC was created in response to the specific requirements of small- and family forest owners as an international umbrella organization.
Basic Principles	<ul style="list-style-type: none"> • Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations 	<ul style="list-style-type: none"> • Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and no-wood) • Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socioeconomic functions and conditions • Compliance with legal requirements
Types of standards/bench marks	<ul style="list-style-type: none"> • Forest Management certification (for single/multiple applicant(s) – industrial or private forest owners, forest license holders, community forests, and government-managed forests) • Small and Low Intensity Management Forests (SLIMFs) program (for small forests and forests that are managed at low intensity would be eligible) • Chain of Custody (CoC) certification (for supply chain companies' planning, practices and products – all operations that want to produce or make claims related to FSC-certified products must possess this certificate) • Controlled Wood verification (for assurance that 100% virgin fiber mixed with FSC-certified and recycled fiber originates from a verified and approved source) 	<ul style="list-style-type: none"> • Sustainable Forest Management benchmark – international requirements for sustainable forest management. National forest management standards must meet these requirements in order to obtain PEFC endorsement • Group Forest Management Certification – outlines the requirements for national forest certification systems who have group forest management certification • Standard Setting – covers the processes that must be adhered to during the development, review and revision of national forest management standards • Chain of Custody – outlines the conditions for obtaining CoC certification for forest-based products • PEFC logo Usage Rules – outlines the requirements entities must abide by when using the PEFC logo • Endorsement of National Systems – outlines the process that national systems must go through to achieve PEFC endorsement
Governance	The General Assembly is comprised of all FSC members and constitutes the highest decision-making body. Members can apply	PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC

²⁸ Forest Stewardship Council, FSC Principles and Criteria for Forest Stewardship: <https://ca.fsc.org/preview.principles-criteria-v5.a-11112.pdf>

²⁹ PEFC, Standards and Implementation: <https://www.pefc.org/standards-implementation>

	to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers. Each chamber maintains 33.3% of the weight in votes, and votes are weighted so that the North and South hold an equal portion of authority in each chamber, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.	members, including national and international stakeholders. In general, PEFC’s governance structure is more representative of industry and government stakeholders than of social or environmental groups. Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.
Scope	FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.	Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59) ³⁰ and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.
Chain-of-Custody	<ul style="list-style-type: none"> ● The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards ● CoC standard includes procedures for tracking wood origin ● CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products ● CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC 	<ul style="list-style-type: none"> ● Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC ● Only accredited certification bodies can undertake certification ● CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. ● The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials ● The CoC standard includes specifications for the physical separation of certified and non-certified wood ● The CoC standard includes specifications about procedures for dealing with complains related to participant’s chain of custody
Non-certified wood sources	<p>FSC’s Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <ul style="list-style-type: none"> a. Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others, b. Wood harvested in violation of traditional and civil rights, c. Wood harvested in forests where high conservation values are 	<p>The PEFC’s Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:</p> <ul style="list-style-type: none"> a. forest management activities that do not comply with local, national or international laws related to: <ul style="list-style-type: none"> - operations and harvesting, including land use conversion, - management of areas with designated high environmental and cultural values, - protected and endangered species, including CITES species, - health and labour issues, - indigenous peoples’ property, tenure and use rights, - payment of royalties and taxes. b. genetically modified organisms,

³⁰ ISO, ISO/IEC Guide 59:2019: <https://www.iso.org/standard/23390.html>

	<p>threatened by management activities,</p> <p>d. Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses,</p> <p>Wood from management units in which genetically modified trees are planted.</p>	forest conversion, including conversion of primary forests to forest plantations.
Accreditation/verification	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>	<p>Accreditation is carried out by an accreditation body (AB). In the same way that a certification body checks that a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process, PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>
Qualitative considerations	<p>Sustainalytics views both FSC and PEFC as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices³¹ and both have also faced criticism from civil society actors.^{32,33} In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are similar or equal to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.</p>	

Appendix 3: Sustainalytics' assessment of fishery and aquaculture certifications

	Marine Stewardship Council³⁴	Aquaculture Stewardship Council³⁵
Background	Marine Stewardship Council (MSC) is a non-profit organization founded in 1996, that issues eco-label certifications for fisheries which are sustainable and well-managed.	The Aquaculture Stewardship Council (ASC) is an independent, international NGO that manages the ASC certification and labelling program for responsible aquaculture.
Clear positive impact	Promoting sustainable fisheries practices.	Promoting sustainable aquaculture practices.
Minimum standards	<p>A minimum score must be met across each of the performance indicators.</p> <p>As a condition to certification, low-scoring indicators must be accompanied by action plans for improvement.</p>	<p>Quantitative and qualitative thresholds which are designed to be measurable, metric- and performance-based.</p> <p>Certification may be granted with a "variance" to certain requirements of the standard. This variance is designed to allow the standard to adapt to local conditions but has been criticized for weakening the standard and overriding the consultations involved in the standard-setting process.</p>

³¹ FESPA, FSC, PEFC and ISO 38200: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>

³² Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>

³³ EIA, PEFC: A Fig Leaf for Stolen Timber: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>

³⁴ Marine Stewardship Council, at: <https://www.msc.org/standards-and-certification/fisheries-standard>.

³⁵ Aquaculture Stewardship Council, at: <https://www.asc-aqua.org/what-we-do/our-standards/farm-standards/>.

<p>Scope of certification or programme</p>	<p>The MSC standard consists of a fisheries standard and a chain of custody standard.</p> <p>The Fishery Standard assesses three core principles: sustainable fish stocks, minimising environmental impact, and effective fisheries management; collectively these account for the major environmental and social impacts.</p> <p>The Chain of Custody standard addresses certified purchasing, product identification, separation, traceability and records, and good management.</p>	<p>ASC encompasses nine farm standards, covering 15 fish species as well as the harvest of seaweed. These farm standards lay out minimum requirements regarding both environmental and social performance.</p> <p>Additionally, a Chain of Custody Standard is mandatory for all supply chain actors in order to ensure traceability.</p>
<p>Verification of standards and risk mitigation</p>	<p>Third-party conformity assessment bodies (CABs), certified by Accreditation Service International (ASI) carry out assessments in line with the MSC standard and ISO 17065.</p> <p>Certification is valid for up to five years.</p>	<p>Third-party conformity assessment bodies (CABs), certified by Accreditation Service International (ASI) carry out assessments in line with the ASC standard and ISO 17065.</p> <p>Major non-compliances must be remedied within three months.</p>
<p>Third party expertise and multi-stakeholder process</p>	<p>Aligned with the UN Code of Conduct for Responsible Fishing, and further informed by the Global Sustainable Seafood Initiative (GSSI), World Trade Organization (WTO), and International Social and Environmental Accreditation and Labelling (ISEAL)</p>	<p>Developed in line with United Nation’s Food and Agriculture Organization) UN FAO and International Labour Organization (ILO) principles.</p> <p>Managed in accordance with the International Social and Environmental Accreditation and Labelling (ISEAL) Codes of Good Practice.</p>
<p>Performance display</p>		
<p>Qualitative considerations</p>	<p>The MSC label is the most widely recognized sustainable fisheries label worldwide and is generally accepted to have positive impacts on marine environments.</p> <p>Proponents of the label cite the transparent science-based process for approval and its successful engagement with industry groups. Criticism from various observers include lack of focus on preventing by-catch, protecting marine mammals and endangered species, follow-up on conditions, crew safety, and live tracking of supply chains.</p>	<p>Widely recognized and modelled on the successful MSC certification.</p> <p>Some criticism has been focused on the ability to certify with a “variance”, in which certain aspects of the standard can be interpreted or waived during the audit procedure.</p> <p>While a reputable certification overall, the standard does not fully mitigate all the risks associated with aquaculture.</p>

Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:

Jyske Bank Group

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Jyske Bank Group Green Finance Framework
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Review provider's name:	Sustainalytics
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Completion date of this form:	January 22, 2021
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Publication date of review publication:	
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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, Sustainable Use of Natural Resources, and Recycling and Sustainable Production – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 2, 6, 7, 9, 11, 12, 14, and 15.

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 checked="" 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 (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Jyske Bank Group's process in evaluating and selecting projects is managed by the Committee, which is comprised by members of the Credit, Risk Management, Treasury and Investor Relations & Sustainability divisions, and one member from the Executive Board. Based on these elements, Sustainalytics considers this process to be in line with market practice.

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):

Jyske Bank Group's process for management of proceeds is overseen by the Risk Management and Treasury Management departments. The Bank will keep registers of financed activities within existing internal tracking systems. Proceeds could be allocated on a portfolio or loan-by-loan basis. Any unallocated proceeds will be temporarily held and/or invested in cash or other short-term and liquid securities. Jyske Bank intends to achieve a level of allocation for eligible assets which matches or exceeds the balance of net proceeds from green bonds over time. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- | | |
|--|---|
| <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 type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Jyske Bank intends to report on the allocation of proceeds on its website on an annual basis. The allocation reporting will include details such as total allocation, allocation to each eligible category, progress on the targets set in the Framework. In addition, Jyske Bank intends to report on relevant impact indicators, such as energy and GHG savings. Based on these elements, Sustainalytics considers this process to be in line with market practice. Based on these elements, Sustainalytics considers this process to be in line 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 (please specify): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
|---|--|

Other (*please specify*):

Frequency:

Annual

Semi-annual

Other (*please specify*):

Impact reporting:

Project-by-project

On a project portfolio basis

Linkage to individual bond(s)

Other (*please specify*):

Information reported (expected or ex-post):

GHG Emissions / Savings

Energy Savings

Decrease in water use

Other ESG indicators (*please specify*):

Installed renewable energy capacity (GW)

Certified production

Frequency

Annual

Semi-annual

Other (*please specify*):

Means of Disclosure

Information published in financial report

Information published in sustainability report

Information published in ad hoc documents

Other (*please specify*): On the company's website

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

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

Consultancy (incl. 2nd opinion)

Certification

Verification / Audit

Rating

Other (*please specify*):

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 Finance 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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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognized by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

