

**Green, Social and  
Sustainability  
Bond/Loan Second  
Party Opinion:**

Methodology and Research Process

---

## TABLE OF CONTENTS

---

ISS-Corporate Green, Social, And Sustainability Bond/Loan Second Party Opinion .....	3
Outputs.....	3
Research Process .....	4

## ISS-Corporate Green, Social, And Sustainability Bond/Loan Second Party Opinion

Green and Social Bonds/Loans (also known as Use of Proceeds – UoP – bonds/loans) are any type of financing instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible projects with intended environmental or social benefits. The Green, Social, and Sustainability Bonds/Loans Second Party Opinions (SPO) display and evaluate information related to the sustainability characteristics of the UoP transaction undertaken by an issuer/borrower against the requirements set by international market standards. UoP SPO assess the alignment of a transaction with the Green Bond Principles (GBP), and/or the Social Bond Principles (SBP) and/or the Sustainability Bond Guidelines (SBG), as administered by the International Capital Markets Association (ICMA), and/or the Green Loan Principles (GLP) and/or the Social Loan Principles (SLP), as administered by the Loan Market Association (LMA), and/or other relevant standards - based on clients' requests - as the reference framework. The product is designed to check whether the stated environmental and/or social benefits obtained through the financing instrument are aligned with international benchmarks for sustainability.

### Outputs

The final output of UoP SPO consists of a research report detailing the items below in a descriptive manner, accompanied by signals (e.g., "aligned"/ "not aligned" with the applicable reference framework, and "positive"/ "negative") and data points (related to both the transaction and the issuer/borrower). An SPO thus provides a qualitative assessment of a transaction's stated environmental and/or social benefits.

The analysis results are aggregated in a summary and categorized in three different sections:

- An opinion on the overall alignment of the transaction and/or financing framework and its governance processes with the market principles.
- An opinion on the sustainability quality of the use of proceeds, by analyzing the project categories' sustainability impacts, through their contribution (and/or obstruction) to the UN SDGs, and by analyzing the project categories' sustainability risks and how they are handled, through a proprietary set of key performance indicators.
- An overview of the consistency of the financing framework with the issuer's/borrower's sustainability strategy and its ESG profile.

## Research Process

An SPO is a one-time assessment, and it is valid as long as the issuer's/borrower's financing framework does not change. UoP SPO may also be updated on an ad-hoc basis, upon client request. ISS-Corporate's SPO research process can be broken down as follows:

- Data collection: ISS-Corporate relies on the issuer's/borrower's written financing framework or, as an alternative, a questionnaire completed by the issuer/borrower. Corporate disclosures such as annual reports, sustainability reports, company websites, investor presentations, and others are screened in order to collate qualitative and quantitative data to be used in the assessment.
- ESG research: ISS-Corporate proprietary methodologies are applied.
- Quality assurance: Draft analyses are systematically proofread and reviewed by experienced analysts.
- Company feedback: A comprehensive dialogue with the assessed issuers/borrowers is carried out throughout the SPO process, with the feedback utilized within the SPO.
- Final report: A final report with the qualitative analysis results is published.

# Trusted Advisory. Comprehensive Data. Robust Analytics.

## GET STARTED WITH ISS-CORPORATE

Email [info@iss-corporate.com](mailto:info@iss-corporate.com) or visit [www.iss-corporate.com](http://www.iss-corporate.com) for more information.

ISS Corporate Solutions, Inc. ("ISS-Corporate") is a leading provider of cutting-edge SaaS and high-touch advisory services to companies, globally.

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability, and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering data, tools, and advisory services. ISS-Corporate's global client base extends across North America, Europe, and Asia, as well as other established and emerging markets worldwide.

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of ISS-Corporate or its affiliates. The Information may not be reproduced or disseminated in whole or in part without prior written permission of ISS-Corporate. ISS-Corporate MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION. ISS-Corporate is a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"). ISS-Corporate provides advisory services, analytical tools and publications to companies to enable them to improve shareholder value and reduce risk through the adoption of improved corporate governance practices. The ISS research teams, which are separate from ISS-Corporate, will not give preferential treatment to, and are under no obligation to support, any proxy proposal of a corporate issuer nor provide a favorable rating, assessment, and/or any other favorable results to a corporate issuer (whether or not that corporate issuer has purchased products or services from ISS-Corporate). No statement from an employee of ISS-Corporate should be construed as a guarantee that ISS will recommend that its clients vote in favor of any particular proxy proposal or provide a favorable rating, assessment or other favorable result.

© 2024 | Institutional Shareholder Services and/or its affiliates