Sustainable Fitch
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China CITIC Bank Corporation Limited

Second-Party Opinion — Green Financing Framework

Excellent ✓ | Good | Aligned | Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Excellent	• The use of proceeds (UoP) criteria describe projects with clear environmental benefits. • Most uses of proceeds describe activities that are at least included in the China Green Bond Endorsed Projects Catalogue (GBEPC), Common Ground Taxonomy (CGT) or partially aligned with international sustainable finance taxonomies.
Use of Proceeds – Other Information	Good	• The framework has a clear exclusion list for activities with environmentally and socially harmful impacts. • The 36-month lookback period is in line with standard market practice.
Evaluation and Selection	Excellent	• The evaluation and selection process follows a two-layered structure which allows for the segregation of responsibilities between proposing and reviewing of projects.
Management of Proceeds	Good	• The proceeds will be tracked appropriately through an earmarked account, in line with market practice. • Unallocated proceeds may be invested in money market instruments or green bonds, and are subject to the framework's exclusion criteria.
Reporting and Transparency	Excellent	• China CITIC Bank Corporation Limited (CNCB) has committed to producing annual reports containing allocation and impact information at the UoP cateogry level, until bond maturity or loan payback and in the case of any material developments, providing transparency on the environmental impacts through the lifetime of the bonds or loans.

Relevant UN Sustainable Development Goals

Framework Type	Green
Alignment	✓ Green Bond Principles 2021 (ICMA) ✓ Green Loan Principles 2023 (LMA/LSTA/APLMA)
Date assigned	1 July 2024

See Appendix B for definitions.

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Use of Proceeds Summary

Green	Renewable energy Clean transportation Green building

Source: CNCB green financing framework

Framework Highlights

Sustainable Fitch considers transactions under CNCB's green financing framework to be fully aligned with the ICMA Green Bond Principles (GBP) as well as the LMA, LSTA and APLMA Green Loan Principles (GLP). The framework sets out the bank's standards for financing and refinancing projects through green bond and loan issuances, and includes the four relevant pillars from the ICMA and LSTA principles, namely UoP; evaluation and selection; management of proceeds; and reporting. We understand from the bank that it intends to issue primarily green bonds under this framework.

Proceeds from transactions under the framework can be allocated to three green UoP categories: renewable energy, clean transportation and green buildings. The eligibility criteria for each of these UoP categories describe projects that provide clear environmental benefits such as climate change mitigation.

The renewable energy and clean transportation UoP categories describe projects that will support China's nationally determined contribution to have emissions peak before 2030 and achieve carbon neutrality before 2060.

The ICMA GBP recommend that eligible projects are clearly described in the legal documentation for transactions. We have only reviewed the green financing framework for this Second-Party Opinion and have not reviewed any transaction legal documents or marketing materials; however, the framework provides a description of eligible projects.

The framework sets out a clearly defined list of excluded activities that include environmentally and socially harmful and controversial activities. In addition, the framework specifies that the proceeds will not be used to finance any projects related to the production of fossil fuels or coal mining. This provides assurance to investors that the sustainable finance instruments will not be used for environmentally or socially harmful projects.

Most green UoP categories describe activities that are included in the China GBEPC, the CGT or partially aligned with international sustainable finance taxonomies.

Source: Sustainable Fitch, CNCB green financing framework

Entity Highlights

Established in 1987, CNCB operates as a subsidiary of the multinational conglomerate CITIC Group and is one of the largest banking institutions in China with its shares listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange since 2007. It operates in mainland China, with a workforce totalling over 66,000 employees as of end-2023.

The bank's operations are structured across three key segments: corporate banking, retail banking, and financial market business. The banking division services range from deposit and loan services, wealth management, and credit cards for individual clients, to corporate loans, trade financing, and asset custody services for corporate clients.

As of end-2023, the bank had total customers loans and advances of CNY5,498 billion, distributed across corporate loans (49%), personal loans (42%) and discounted bills (9%). The corporate banking and retail banking segments accounted for the majority (87%) of total operating income in 2023. The remaining 13% came from the financial market business, conducted mainly by its seven affiliates. These include CITIC International Financial Holdings Limited, the parent company of CITIC Bank International Limited, as well as CNCB (Hong Kong) Investment Co., Ltd., CITIC Financial Leasing Co., Ltd., and others.

CNCB has a sustainability strategy that applies to its operations and lending activities and focuses on four key sustainability areas: green finance, inclusive finance, consumer rights protection, and privacy and data security. Each area has annual quantitative targets that the bank aims to achieve. CNCB publishes annual sustainability reports that reference international standards such as the Global Reporting Initiative standards and the Task Force on Climate-related Financial Disclosures.

The bank has been reporting its GHG emissions from operations since 2016, including both its Scopes 1 and 2 emissions, which are externally verified. The bank experienced an increase in its Scopes 1 and 2 emissions from 2020 to 2021, followed by a decrease from 2021 to 2023. Additionally, it reports on other environmental metrics such as water consumption and waste generation, in compliance with the listing rules of Hong Kong Exchanges and Clearing Limited.

In terms of sustainable financing, the bank's green finance portfolio reached a total of CNY459 billion as of 2023, accounting for 17% of the bank’s total corporate loan and advance portfolio. This represents an increase of CNY125 billion compared to 2022, thereby surpassing the target of expanding its corporate green loans by CNY120 billion. The bank does not currently disclose its Scope 3 financed emissions, which are typically a substantial portion of a financial institution’s emission portfolio and would provide a more comprehensive view of the bank's environmental footprint and the effectiveness of its green financing initiatives.

The bank engages in socially oriented lending activities, with a particular focus on enhancing the access of micro, small and medium-sized enterprises (MSMEs) to financial services. In 2023, the bank offered loans worth a total of CNY545 billion to micro and small business owners, which accounted for 9.9% of the bank's total loan and advance portfolio.

Source: Sustainable Fitch, CNCB annual report 2023, CNCB sustainability report 2023, CNCB green financing framework

Use of Proceeds – Eligible Projects	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
Renewable energy	
• This UoP finances projects that include the manufacturing, construction, installation, development, upgrade and operation of renewable energy systems. • Eligible projects include solar and wind power (onshore and offshore) generation facilities; geothermal energy; energy storage system facilities (ie rechargeable batteries); and electricity transmission and distribution infrastructure assets. • Solar projects must have a minimum of 85% of their power generation derived from solar sources. • Geothermal projects must have direct emissions below 100gCO_2/kWh. • Transmission and distribution infrastructure projects must be located on a system for which at least 67% of its added generation capacity in the last five years falls below the low-carbon power threshold of 100gCO_2/kWh.	• We expect this UoP to be aligned with the renewable energy category of the ICMA GBP and the LMA, LSTA and APLMA GLP. • Investments in renewable energy contribute to UN Sustainable Development Goal (SDG) 7 (affordable and clean energy), particularly in mainland China, where coal is the main source of energy and the share of renewable energy accounts for about one-third of the local electricity mix, according to the International Energy Agency (IEA). • We expect this UoP to align with the China GBEPC categories 3.2.1.1 (production of wind generators), 3.2.1.2 (production of solar generators), 3.2.2.1 (construction and operation of wind power facilities), 3.2.2.2 (construction and operation of solar energy utilisation facilities), 3.2.2.6 (construction and operation of geothermal energy utilisation facilities), and 3.2.3.2 (operation and construction of energy efficient storage facilities). • The activities described in this UoP are included in the CGT categories C2.3 (production of wind generators), C2.4 (production of solar generators), C2.8 (production of geothermal energy utilisation equipment), D1.1 (electricity generation using solar PV technology), D1.3 (electricity generation from wind power), D1.7 (electricity generation from geothermal energy) and D1.8 (storage of electricity). • The construction of wind energy projects as well as the associated infrastructure are derogated from substantial contribution criteria (SCC) under the EU taxonomy and considered to make a substantial contribution to climate change mitigation. • The eligibility criteria for solar projects under this UoP align with the CBI taxonomy criteria; however, we view the 15% provision for deriving energy from non-solar sources as potentially reducing the contribution to climate change mitigation, as the backup power could be generated from fossil fuels or other sources of energy that are not green. • The EU taxonomy SCC require geothermal projects to have life-cycle GHG emissions lower than 100gCO_2e/kWh. This encompasses not only the direct emissions produced by the operation of the plant but also the comprehensive "cradle-to-grave" emissions linked to the facility, which include the emissions from construction, decommissioning, and energy consumed during operation. • We consider the eligible criteria of direct emissions below 100gCO_2/kWh to contribute to climate change mitigation; however, the criteria do not completely correspond with the SCC outlined by the EU taxonomy. • We understand from the bank that for geothermal projects, borrowers will be required to submit various documents for verification purposes, including a feasibility study report, an environmental impact assessment report and other reports from independent third parties that have received approval from the project's regulatory body. This helps ensure that the quantified GHG emissions of the geothermal projects meet the eligibility criteria. • We understand from the bank that the energy storage system facilities refer exclusively to rechargable chemical batteries and accumulators, while hydrogen cells are excluded. We positively consider that such projects can store excess electricity during periods of high generation and discharge for later use, enabling the increased integration of 

	renewable energy. These projects are automatically aligned with the EU taxonomy SCC. • Electricity transmission and distribution form the backbone of modern energy systems. The expansion and modernisation of these networks are essential to unlocking the full potential of electrification. The advantages of climate change mitigation through electricification are maximised when the networks are connected to renewable energy power facilities, as such connections facilitate the integration of clean energy into the electricity grid. • We regard the bank's criteria for transmission and distribution projects positively because they align with the EU taxonomy SCC. This alignment is likely to result in a more significant decrease in emissions in the context of China, where the latest available average emission factor in 2020 was 608g/kWh, compared to the EU where the electricity grid had a lower average emission factor of 278g/kWh in 2022.	
Clean transportation		
• This UoP finances projects that include purchasing, constructon, installation, operation and maintenance of clean transportation projects. • Eligible projects include public transportation systems (ie subways, light railways, trams, public transportation vehicles and other urban rail transportation facilities) in urban and rural areas; new energy vehicles (ie electric and hydrogen), and infrastructure such as electric vehicle charging and hydrogen filling stations. • Transportation assets must have zero direct tailpipe CO_2 emisisons.	• We expect this UoP to be aligned with the clean transportation category of the ICMA GBP and the LMA, LSTA and APLMA GLP. • Investments in zero-emissions vehicles and related infrastructure support SDG 11 (sustainable cities and communities), as they help decarbonise the transport sector and contribute to air quality improvements. • This UoP is expected to align with categories 5.5.1.5 (construction and operation of public transportation system in urban and rural areas) and 5.5.4.1 (construction and operation of charging, battery replacement, hydrogen refueling and gas refuelling facilities) of the China GBEPC. • The activities described in this UoP are included in the CGT categories H1.1 (construction and operation of public transportation system in urban and rural areas) and F2.4 (infrastructure for electric rail transport). • The EU taxonomy SCC require public transportation projects to have zero direct CO_2 emissions or use a conventional engine only when such infrastructure is not available. Zero direct-emissions public transportation, as well as related infrastructure, are fully aligned with the SCC. • For passenger cars or light commercial vehicles, the EU taxonomy SCC include maximum thresholds for tailpipe emissions, such as requiring the financed light-duty vehicles to have tailpipe emissions of less than $50gCO_2/km$ until 2025. Given that the company has committed to only finance electric vehicles with zero direct-tailpipe emissions, the UoP is fully aligned with these requirements, and has a clear and direct contribution to climate change mitigation. • Electric vehicle charging stations and hydrogen filling stations are fully aligned with the SCC of international taxonomies such as the EU taxonomy.	

Green buildings		
• This UoP finances projects that include the construction of new buildings, renovation and refurbishment of existing owned and/or managed properties (including public service, commercial, residential, and recreational) that meet the requirements of recognised green building certification standards. • Eligible certifications include US LEED Gold or above; UK BREEAM Excellent or above; Chinese Green Building Evaluation Label 3 star; and Hong Kong Green Building Council BEAM Plus Standards Gold or above.	• We expect the investments in green building projects to be aligned with the green buildings category of the ICMA GBP and the LMA, LSTA and APLMA GLP. • The investments contribute to SDGs 7 and 11 as they improve energy and resource efficiency in the real estate industry, which was associated with 40% of global emissions in 2022, according to the IEA. • Green buildings that are selected based on recognised green building certifications listed in the company material are expected to meet categories 5.2.1.2 (green buildings) and 5.2.1.5 (energy conservation and environmental-friendly renovation of existing buildings) of the China GBEPC. • We consider green building projects based on recognised green building certifications listed in the framework's eligbility criteria to be positive from an environmental impact perspective, as these certifications require buildings to fulfil environmental criteria in areas such as energy performance, water use and waste reduction. • However, green building certifications are not comparable with requirements in international taxonomies such as the EU taxonomy, as the taxonomies have stricter requirements for buildings to fulfil specific technical standards such as fulfilling nearly zero-energy building criteria.	
Source: CNCB green financing framework	Source: Sustainable Fitch, IEA, China's Ministry of Ecology and Environment	

Use of Proceeds – Other Information	Alignment: Good
Company Material	**Sustainable Fitch's View**
• The bank expects each sustainability financing transaction under this framework to be fully allocated within 24 months from the date of issuance. • Refinanced projects will have a 36-month lookback period. • The bank has listed activities that will be excluded from eligible project financing under this framework. • Excluded activities include activities considered as illegal under host country laws or international conventions and agreements, or subject to international bans. Production or activities involving forced and child labour are also excluded. • Other excluded activities include those related to weapons and munitions; alcoholic beverages (excluding beer and wine); tobacco; gambling; radioactive materials (not applying to the purchase of medical equipment or any equipment where any international financial company considers the radioactive source to be trivial and/or adequately shielded); palm oil; nuclear energy; fossil fuels; coal mining; or hydropower where installed capacity exceeds 25MW.	• The bank has disclosed its lookback period for refinancing projects in line with the ICMA, LMA, LSTA and APLMA principles. The specified lookback period of 36 months is in line with standard market practice, though a shorter lookback period would limit investments in existing projects, thereby enhancing the additionality of its green financing transactions (GFTs). • The ICMA, LMA, LSTA and APLMA principles recommend issuers to provide an estimate of the shares of financed and refinanced projects. The bank has not disclosed the intended split between new and refinanced projects in its framework, although it intends to do so in its allocation reports. • The framework includes a comprehensive list of excluded activities that include environmentally and socially harmful and controversial activities. This is in line with best practice and provides assurance to investors that the proceeds of each GFT will not be used for environmentally or socially harmful projects.
Source: CNCB green financing framework	Source: Sustainable Fitch

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The bank's eligible green assets evaluation and screening process is divided into a preliminary screening stage and a project review and approval stage. • The bank's branches will propose potential green projects and conduct a preliminary screening of potential assets in accordance with the criteria and standards set out in the framework. The preliminary asset list is submitted to the bank's headquarters for further review and approval. • The group established a green finance working group (GFWG) dedicated to confirming and monitoring eligible green assets to determine their compliance with CNCB's internal policy. The GFWG consists of members from the asset and liability and green finance departments. • The GFWG will meet annually to review the allocation of proceeds and to determine if any changes are necessary, wherein a project has been amortised, prepaid, sold or has otherwise become ineligible. The bank will remove loans from the eligible green asset list when made aware of a loan that is ceasing to fulfil the eligibility criteria. • The GFWG will manage any future updates to the framework, including expansions to the list of eligible green asset categories. • The bank has an internal environmental, climate and social risk management and ESG due diligence policies and procedures. The bank will conduct its ESG risk management process outlined in the framework, where it classifies customers into three tiers based on their potential impact on the environment and society. The bank will implement stricter pre-lending reviews and post-lending management standards for borrowers with higher potential impacts, with varying frequencies depending on the customer.	• The ICMA, LMA, LSTA and APLMA principles require issuers to communicate their process of selecting eligible green and social projects and how the issuer identifies and manages perceived social and environmental risks associated with the projects. • The framework describes a two-stage project evaluation and selection process whereby the bank's branches propose potential projects which are reviewed and approved by the GFWG that comprises members of the bank's headquarters. The separation of project proposal and approval responsibilities supports checks and balances in the project selection process. • We positively view the cross departmental representation within the GFWG, which includes the bank's green finance department. • The bank also performs ESG risk assessments in accordance with its internal policies. The ESG risk assessments are executed by various departments at the head office, branches and subsidiaries, and are overseen by board-level committees.
Source: CNCB green financing framework	Source: Sustainable Fitch

Management of Proceeds	Alignment: Good
Company Material	**Sustainable Fitch's View**
• The bank will allocate an amount equal to the net proceeds of each GFT to finance or refinance eligible green assets that are selected in accordance with the eligibility criteria outlined in the framework. • The net proceeds of each GFT will be deposited in the bank's general funding accounts and earmarked for allocation towards eligible green	• The ICMA, LMA, LSTA and APLMA principles require proceeds to be tracked appropriately. • The bank's earmarking of proceeds is in line with standard market practice. Best practice would be to segregate proceeds, for example through a separate bank account, to prevent commingling with general purpose funds.

Company Material	Sustainable Fitch's View
assets. A GFT allocation register will be established to track the use of the proceeds for each GFT. • The register will include the following information: details of each transaction (including currency, amount, ISIN, pricing date, maturity date), information on allocated green assets (project description, project location, ownership percentage, total amount, amount allocated, settled currency, estimated environmental impact, balance of unallocated proceeds and information on temporary investment for unallocated proceeds). • Any unallocated proceeds will be temporarily held in accordance with the bank's liquidity management practice. The unallocated proceeds could be temporarily invested in green bonds issued by non-financial enterprises, money market instruments and market liquidity in domestic and international markets until allocated to eligible green assets. Unallocated proceeds are subject to the framework's exclusion criteria, and will not be invested in high polluting and high-carbon emissions projects. • If allocated projects cease to fulfil the eligibility criteria during the life of each GFT, net proceeds will be reallocated to replacement projects that comply with the eligibility criteria as soon as reasonably practicable.	• The bank has disclosed its intended placements for unallocated proceeds in line the requirements of the ICMA, LMA, LSTA and APLMA principles. Unallocated proceeds will be managed in line with the bank's standard liquidity management practices, and may be temporarily invested in green bonds or market liquidity instruments. • Holding all unallocated proceeds in green investments aligned with the framework is considered best practice. The bank did not specify if green bonds it invests in with unallocated proceeds must be aligned with the framework although it confirms that unallocated proceeds will be subject to the same exclusion criteria. • The bank's commitment to monitoring its proceeds and to replacing projects that become ineligible provides assurance that proceeds are used for projects that meet the eligibility criteria throughout the life of the issuances.
Source: CNCB green financing framework	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The bank has committed to producing a green finance report annually until bond maturity or loan payback and in case of any material developments, and will disclose this information through the bank's official website or other channels such as its annual or sustainability reports. • The allocation report will include the following information: – the aggregate amount allocated to the various eligible green asset categories; – the temporary investments information for unallocated proceeds; – the remaining balance of unallocated proceeds; – share of financing versus refinancing; – the geographical distribution of proceeds (at country level); and – examples of eligible green assets (subject to confidentiality disclosures). • The bank will report on the potential impact from the eligible green assets and provide the methodology and assumptions used for calculating the impact indicators, and the approach will be aligned with the ICMA Handbook – Harmonised Framework for Impact Reporting . • Examples of impact indicators include: – for renewable energy: annual renewable energy generated (GWh for electricity and GJ for other energy types), annual GHG emissions or standard coal equivalent reduced or avoided; – for clean transportation: number of new energy vehicles deployed (eg electric vehicles and electric buses), kilometres of tracks or dedicated lanes built (applicable to rail tram, metro and bus rapid transit systems), number of passengers transported (applicable to rail tram, metro and bus rapid transit systems), number and type of new energy transportation infrastructure built, and annual GHG emissions or standard coal equivalent reduced or avoided; – for green buildings: type and level of green building certifications obtained; and annual energy saving (MW per year). • The bank will engage an independent third party to provide assurance on the annual green finance reports, which will be published alongside the reports.	• The ICMA, LMA, LSTA and APLMA principles require issuers to provide information on the projects funded annually until full allocation or in the event of material developments. The reports should include a list of projects that proceeds have been allocated to, a description of the projects, the amounts allocated and their expected impact. • We understand from the bank that transactions under this framework will primarily be green bond issuances. The bank has committed to reporting on its allocation of proceeds annually until bond maturity or loan payback, which exceeds the ICMA, LMA, LSTA and APLMA requirements. The bank has also committed to reporting on any changes in the UoP or in the case of any material developments, which will ensure that investors are kept up to date with significant changes in allocation throughout the life of each transaction. • The bank intends to report on allocation and impacts at the category level for each GFT. Reporting at a more granular level, for example at the project level, would provide more visibility into the impact of each project. • Some of the example impact indicators (such as those for renewable energy and green buildings) are in line with those included in the ICMA Handbook – Harmonised Guide for Impact Reporting, which directly quantify the impacts from the eligible projects. The bank intends to disclose the calculation methodology used, which will support transparency on the how impacts are measured. • The ICMA, LMA, LSTA and APLMA recommend that issuers obtain external verification on the management of proceeds and the allocation data reported. The bank's commitment to engaging an independent third party to provide assurance on the green finance reports provides assurance on the quality and accuracy of reporting.
Source: CNCB green financing framework	Source: Sustainable Fitch

Relevant UN Sustainable Development Goals

- **7.1:** By 2030, ensure universal access to affordable, reliable and modern energy services
- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.

- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- **11.3:** By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- **11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Green

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	No
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)

UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	No
Pollution prevention and control	No
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	Yes
Sustainable water and wastewater management	No
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

2) Project Evaluation and Selection

Evaluation and Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds

Tracking of Proceeds	
Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Additional Disclosure	
Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

UoP Reporting/Information Reported	
Allocated amounts	Yes
Sustainability bond-financed share of total investment	No
Other	n.a.

UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	No
Other ESG indicators	Annual renewable energy generation; number of new energy vehicles deployed (eg electric vehicles and electric buses); km of tracks or dedicated lanes built (applicable to rail tram, metro and bus rapid transit systems); number of passengers transported (rail tram, metro and bus rapid transit systems); number and type of new energy transportation infrastructure built; type and level of green building certifications obtained; and annual

	energy saving (MW per year)
Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.
Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	n.a.

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

Appendix B: Definitions

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

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

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

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

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

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

Analytical Process

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

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

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

Scale and Definitions

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

Source: Sustainable Fitch

SOLICITATION STATUS

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