

Second-Party Opinion

Laurentian Bank Sustainable Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Laurentian Bank Sustainable Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Green Buildings, Energy Efficiency, Low-Carbon Transportation, Affordable Housing, Access to Essential Services, Majority Women-Owned SME Financing and Leadership in Diversity and Inclusion – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 5, 7, 10 and 11.



PROJECT EVALUATION / SELECTION Laurentian Bank’s Sustainable Bond Working Group comprises senior representatives from Personal Banking, Commercial Banking, Capital Markets, Credit, Legal, Compliance, Risk Management, Accounting, Investor Relations and Corporate Treasury and the Office of the President. The Sustainable Bond Working Group will oversee the internal process for evaluating and approving the assets shortlisted by its individual business lines. The Bank has adopted internal processes to identify and manage environmental and social risks associated with the financed assets. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Laurentian Bank’s Sustainable Bond Working Group will oversee the allocation and tracking of proceeds. Laurentian Bank intends to reach full allocation within 36 months. Pending allocation, unallocated proceeds will be held in cash or liquid securities in line with Laurentian Bank’s liquidity management processes. This is in line with market practice.



REPORTING Laurentian Bank intends to publish a Sustainable Bond Report on its website to report on the allocation and impact of proceeds on an annual basis until full allocation. Allocation reporting will include the net proceeds issued, the aggregate amounts of proceeds allocated to each category, the proportion of proceeds allocated to each category and the unallocated balance of net proceeds. In addition, Laurentian Bank has committed to reporting on relevant impact metrics. Sustainalytics views Laurentian Bank’s allocation and impact reporting as aligned with market practice.

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Issuer Location	Montreal, Canada

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Introduction

The Laurentian Bank of Canada (“Laurentian Bank”, or the “Bank”) is a Canadian bank serving more than 1.5 million clients across its retail and commercial banking, wealth management, and investment products and services in Canada and the United States. Established in 1846, the Bank has approximately 3,000 employees and holds CAD 49.8 billion (USD 36.6 billion) in balance sheet assets and CAD 27.8 billion (USD 20.4 billion) in assets under administration as of July 2022.

Laurentian Bank has developed the Laurentian Bank Sustainable Bond Framework (the “Framework”), under which it intends to issue sustainability bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to reduce greenhouse gas emissions, contribute to the decarbonization of the Canadian economy and provide social benefits to defined target populations in Canada. The Framework defines eligibility criteria in eight areas:

1. Renewable Energy
2. Green Buildings
3. Energy Efficiency
4. Low-Carbon Transportation
5. Affordable Housing
6. Access to Essential Services
7. Majority Women-Owned SME financing
8. Leadership in Diversity and Inclusion

The Bank engaged Sustainalytics to review the Laurentian Bank Sustainable Bond Framework, dated October 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2021 (SBP).¹ The 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 current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, 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 1.11, 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 the 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. Bank representatives have confirmed (1) they understand it is the sole responsibility of Laurentian 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.

¹ The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

² The Laurentian Bank Sustainable Bond Framework is available on Laurentian Bank of Canada’s website at: English-https://www.laurentianbank.ca/en/about_lbc/my_investment/sustainable_bonds.html and French-https://www.banquelaurentienne.ca/fr/apropos_blc/mon_investissement/obligations_durables.html

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.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Laurentian 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 projects expected to be financed with bond 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. Upon twenty-four (24) months following the evaluation date set stated herein, the Bank is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond 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 the Bank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Laurentian Bank Sustainable Bond Framework

Sustainalytics is of the opinion that the Laurentian Bank Sustainable Bond Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Laurentian Bank Sustainable Bond Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Green Buildings, Energy Efficiency, Low-Carbon Transportation, Affordable Housing, Access to Essential Services, Majority Women-Owned SME Financing and Leadership in Diversity and Inclusion – are aligned with those recognized by the GBP and the SBP.
 - Sustainalytics notes that the Bank will finance loans related to the eligible categories and will include projects, program-related financing and financing of businesses. Sustainalytics recognizes that the GBP and SBP favour project-based lending and financing, which generally provide more transparency than non-project-based lending. The Framework allows for general purpose lending to pure-play companies, however, Sustainalytics notes the high threshold that the Bank has established for determining a company's eligibility for inclusion, with pure-play companies needing to derive more than 90% of their revenue from eligible activities in order to qualify for financing.⁴ Further, the Framework specifies exclusionary criteria for businesses that are involved in certain activities, including weapons, gambling, predatory lending and tobacco.
 - Under the Renewable Energy category, the Bank intends to invest in renewable energy generation projects, in particular electricity generation projects from wind, photovoltaic solar, hydropower, geothermal and tidal energy; and production of hydrogen through electrolysis using renewable energy. In addition, the Bank contemplates investments in transmission and distribution projects integrating 100% renewable energy into the grid. Sustainalytics notes the criteria for financing renewable energy projects to be in line with market practice and notes the following:
 - Hydropower projects may include the financing of new and existing hydroelectric power plants that meet at least one of the following criteria: (i) run-of-river with low storage capacity, and (ii) small-scale projects (below 25MW) with life-cycle carbon intensity below 50 gCO₂e/kWh for new hydropower plants and 100 gCO₂e/kWh for existing projects operational as of the end of 2019. All hydropower projects funded under this Framework require an Impact Analysis Report to be conducted by a credible

⁴ The Framework notes that the 90% threshold does not apply to MSME financing in the Framework given the inclusion of applicable thresholds noted in the Framework for identifying such businesses.

- body, ensuring the absence of any significant risks and controversies associated with the financed projects.
- For geothermal energy projects, the Framework specifies a direct emissions intensity threshold of 100 gCO₂/kWh or below.
 - For the manufacturing of renewable energy components, the Bank has communicated that such financing will be limited to only those facilities that are wholly dedicated to the development of components for the above-mentioned types of renewable energy projects.
 - For transmission and distribution projects, the Bank has communicated that such investments will integrate just those renewable energy projects that align with the above-mentioned criteria.
- Under the Green Buildings category, the Bank may finance the acquisition, development and maintenance of residential and commercial buildings that meet at least one of the following eligibility criteria:
 - Buildings that have achieved or are expected to achieve third-party certifications at the following minimum levels: LEED Gold,⁵ BOMA BEST Gold,⁶ Energy Star with a score of 85,⁷ Passive House Institute,⁸ Toronto Green Standard (v3) Tier 2,⁹ BC Step Code at Step 3,¹⁰ or Novoclimat (Homes,¹¹ Small Multiple-Unit Building,¹² or Big Multiple-Unit Building).¹³ Sustainalytics considers the referenced certification standards and the selected levels to be credible.
 - Achieve at least 20% energy or emission reduction compared to the National Energy Code of Buildings (NECB) 2015¹⁴ or NECB 2017.¹⁵
 - Buildings among the top 15 percent of performers in terms of GHG emissions in their respective regions based on third-party assessments.
 - Sustainalytics considers the criteria for financing green buildings to be in line with market practice.
 - In the Energy Efficiency category, the Bank may finance the development, construction, maintenance and upgrade of systems for residential and commercial buildings that may improve energy efficiency by at least 25% over the baseline figures based on a third-party assessment.
 - Specific retrofit upgrades may include heating and cooling systems, lighting, building envelope, centralized energy control systems, standalone battery storage systems and smart grid components, including electric smart meters.
 - Sustainalytics notes that the Bank may finance energy-efficient mechanical cooling systems. Sustainalytics recommends that the Bank consider cooling systems with low-GWP refrigerants and to promote robust refrigerant leak control, detection and monitoring while ensuring the recovery, reclamation, recycling or destruction of refrigerants at end of life.
 - Despite the variety of definitions and applications of smart grid technology, Sustainalytics views positively investments that are designed to improve grid

⁵ USBGC, "LEED Rating System", at:

<https://www.usgbc.org/leed#:~:text=Green%20building%20leadership%20is%20LEED,of%20sustainability%20achievement%20and%20leadership.>

⁶ BOMA BEST, "Five Levels of Certification", at: <https://bomacanada.ca/bomabest/aboutbomabest/levels/>

⁷ Energy Star, "How the 1-100 Energy Star Score is Calculated", at:

https://www.energystar.gov/buildings/benchmark/understand_metrics/how_score_calculated

⁸ Passive House Institute, "The New Passive House Classes", at: https://passipedia.org/certification/passive_house_categories

⁹ City of Toronto, "Toronto Green Standard Version 3", at: <https://www.toronto.ca/city-government/planning-development/official-plan-guidelines/toronto-green-standard/toronto-green-standard-version-3/>

¹⁰ BC Energy Step Code, "Compliance tools for Part 3 Buildings", at: <https://energystepcode.ca/compliance-tools-part3/>

¹¹ Government of Québec, "Novoclimat Homes", at: <https://transitionenergetique.gouv.qc.ca/en/residential/programs/novoclimat/novoclimat-homes>

¹² Government of Québec, "Novoclimat Small Multiple-Unit Buildings", at:

<https://transitionenergetique.gouv.qc.ca/en/residential/programs/novoclimat/novoclimat-small-multiple-unit-buildings>

¹³ Government of Québec, "Novoclimat Big Multiple-Unit Buildings", at:

<https://transitionenergetique.gouv.qc.ca/en/residential/programs/novoclimat/novoclimat-big-multiple-unit-buildings#:~:text=The%20Novoclimat%20program%20applies%20to,built%20or%20undergoing%20major%20renovation.>

¹⁴ Government of Canada, "National Energy Code of Canada for Buildings 2015", at: <https://nrc.canada.ca/en/certifications-evaluations-standards/codes-canada/codes-canada-publications/national-energy-code-canada-buildings-2015>

¹⁵ Government of Canada, "National Energy Code of Canada for Buildings 2017", at: <https://nrc.canada.ca/en/certifications-evaluations-standards/codes-canada/codes-canada-publications/national-energy-code-canada-buildings-2017>

efficiency and encourages the Bank to select projects that are clearly anticipated to deliver tangible efficiency improvements.

- The Bank has confirmed that fossil fuel-based equipment and the manufacturing or development of electronic home appliances will not be financed under the category. Financing under the category will be limited to only retrofit costs and not the entire building cost.
 - While noting that retrofits that result in performance improvements of 25% will result in some environmental benefit, Sustainalytics considers it market practice to ensure that retrofits will achieve emissions or energy performance improvements of at least 30%.
- Under the Low-Carbon Transportation category, the Bank may finance fully electric, fuel-cell and non-motorized private and public passenger and recreational vehicles, along with associated infrastructure, in particular bike racks and electric charging stations. The financing of recreational vehicles is limited to electric scooters, electric ATVs, and electric sea-doo's. The Framework excludes the financing of parking facilities; and the construction or retrofitting of roads, bridges and rolling stock for mass transit for general purposes. Sustainalytics views the criteria for financing low-carbon transportation projects to be in line with market practice.
 - Under the Affordable Housing category, the Bank intends to securitize a portfolio of affordable housing projects that are aimed at low-income households in Canada.¹⁶
 - The Bank intends to adopt the criteria set in the Canada Mortgage and Housing Corporation (CMHC)'s Multi-family Mortgage Loan Insurance (MLI) Select¹⁷ programme to identify assets for securitization. The Bank has also confirmed that there will be no double counting of the securities issued under the Framework and those issued under other sustainable finance frameworks.
 - For projects based on the MLI Select products, the Bank has communicated to Sustainalytics that CMHC requires lenders to commit to a minimum 10 year (could extend to 20 years) cap on rents for affordable units at 30% of the medium renter income. Sustainalytics recognizes the potential for government-backed programs that cap rents below the current rental thresholds to create positive social impacts, and notes that a proportion of the securitized portfolio may include market-rate units. In Sustainalytics' opinion, it is best practice that at least 90% of the units financed meet the affordability criteria and notes that the programmes allow for investments in properties with as little as 10% affordable housing units. In cases involving buildings in which this figure is less than 90%, Sustainalytics considers it best practice to apply a pro-rata approach based on the proportion of units that meet such criteria. Sustainalytics acknowledges that a pro-rata approach is not possible in the case of securitization and further recognizes that, despite this constraint, financing buildings where less than 90% of units meet affordability criteria will nonetheless have some positive impact. Sustainalytics further notes that the Framework commits to report the estimated (if during construction) or actual percentage of affordable units among the portfolio of financed properties.
 - The Framework also contemplates financing of loans eligible under CMHC's Social Housing Loans Program.¹⁸ The Social Housing Loans Program provides financing for new or existing National Housing Act (NHA)-insured loans eligible under Section 95 of the NHA,¹⁹ which provides financial assistance to First Nations communities to build affordable on-reserve rental housing. The projects are specifically designed to be accessible to the Indigenous populations on-reserve, and in Sustainalytics' opinion, can be expected to alleviate the shortage of affordable housing on many First Nations reserves in Canada.

¹⁶ The Bank intends to employ Statistics Canada's low-income definitions for identifying the target populations for the financed properties.

Statistics Canada, "Low income definitions", at: <https://www150.statcan.gc.ca/n1/pub/75f0011x/2012001/notes/low-faible-eng.htm>

¹⁷ CMHC, "MLI Select", at: <https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/mortgage-loan-insurance/multi-unit-insurance/mliselect>

¹⁸ CMHC, "The NHA Mortgage-Backed Securities Guide 2018", at:

<https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/cmhc/pdfs/content/en/nha-mbs-guide-2018-en.pdf>

¹⁹ CMHC, "On-Reserve Non-Profit Housing Program (Section 95)", at: <https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/on-reserve-non-profit-housing-program-section-95>

- Under the Access to Essential Services category, the Bank may finance the acquisition, development or operation of the following public, not-for-profit, free or subsidized²⁰ essential services in Canada.
 - Hospitals, diagnostic laboratories, clinics, healthcare, childcare and eldercare services. While recognizing that the subsidization of healthcare expenditures may not fully address potential barriers to access for some members of the population, Sustainalytics nonetheless considers financing free or subsidized healthcare facilities for the general population as indicative of positive social impact and encourages the Bank to report on the accessibility of the facilities financed.
 - Educational infrastructures for children, youth or adult, and vocational training services. The Bank has confirmed to Sustainalytics that these facilities will be required to be accessible to all and will primarily be used to provide and support community services. Sustainalytics believes that such investments have the potential to enhance access to education for individuals in Canada.
 - Rehabilitation of parks and other public spaces, and development of community centers. The Bank has confirmed to Sustainalytics that these facilities will be required to be accessible to all. Sustainalytics recognizes the potential of financing such public facilities to create positive social impacts for the residents of Canada.
- Under the Minority Women-Owned SME Financing, the Bank intends to provide financing to micro-, small- and medium-sized (MSMEs) businesses in Canada that are majority-owned (more than 51%) and operated by women. Sustainalytics believes that such investments are expected to create positive social impacts for women entrepreneurs in Canada.
- Under the Leadership in Diversity and Inclusion category, the Bank may finance MSMEs that are majority-owned (more than 51%) by visible minorities, people with disabilities, Indigenous peoples and LGBTQ2S+ members.²¹ Sustainalytics considers investments under this category to have the potential to enhance access to financing among the targeted MSMEs in Canada.
- Project Evaluation and Selection:
 - The Bank has established the Sustainable Bond Working Group (SBWG), which comprises senior representatives from Personal Banking, Commercial Banking, Capital Markets, Credit, Legal, Compliance, Risk Management (including E&S risk team), Accounting, Investor Relations, Corporate Treasury, the Office of the President, and CEO (including the ESG and Sustainability team). The SBWG will be responsible for overseeing the development of the Framework and approving eligible projects in line with the Framework's eligibility criteria. The Bank's individual business lines will be responsible for shortlisting the potentially eligible projects.
 - The Bank has adopted internal processes to identify and manage environmental and social risks associated with the financed assets. Refer to Section 2 for more details.
 - Based on the allocation of responsibilities and the presence of risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The SBWG will be responsible for overseeing the allocation and tracking of proceeds from each issuance. The Bank commits to fully allocate the proceeds within 24 to 36 months of issuance of each bond. Pending full allocation, unallocated proceeds will be held in cash or liquid securities in line with the Bank's liquidity management policy.
 - Based on the management of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - The Bank intends to publish a Sustainable Bond Report on its website to report on the allocation and impact of bond proceeds on an annual basis until full allocation.
 - Allocation reporting will include the net proceeds raised, the aggregate amounts of proceeds allocated to each category, the proportion of proceeds allocated to each category, and the unallocated balance of net proceeds.

²⁰ The Bank has communicated to Sustainalytics that the financed healthcare and educational facilities are expected to be subsidized to a level where any out-of-pocket costs are commensurate with those of the public healthcare and educational facilities in the same region.

²¹ The Framework defines these groups as per the Government of Canada's Employment Equity Groups definitions. Government of Canada, "Employment Equity Groups," <https://www.canada.ca/en/public-service-commission/services/appointment-framework/employment-equity-diversity/employment-equity-groups.html>

- In addition, the Bank is committed to reporting on impact metrics, where relevant, such as the total installed or generated capacity (measured in MW or MWh); the number of green buildings financed; GHG emissions avoided per year (tCO₂e); the number of low-carbon transportation supported; number of businesses supported; and the number of loans provided.
- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Laurentian Bank Sustainable Bond Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Performance of Laurentian Bank

Contribution of the Framework to Laurentian Bank's sustainability performance

Sustainalytics is of the opinion that Laurentian Bank demonstrates a commitment to sustainability by incorporating ESG principles into its lending activities, including renewable energy investments and increasing energy efficiency in its operations.²²

In terms of its sustainable finance initiatives, in 2021, the Bank launched two ESG-related funds and one ESG equity-linked Guaranteed Investment Certificate.²³ In the same year, the Bank participated as an underwriter in the issuance of more than CAD 6.3 billion (USD 4.6 billion) of green and sustainable bonds to fund eco-friendly projects.²⁴ Between 2008 and September 2022, the Bank's Capital Markets group has advised on nearly CAD 30.2 billion (USD 22.2 billion) of ESG-labelled bond issuances.²⁵ Furthermore, to support local communities, the Bank has made donations to nearly 70 local organizations every year through its annual Laurentian in the Community campaign.²⁶

In 2021, as part of its environmental initiatives, the Bank reported for the first time on its scope 1, 2 and 3 (business travel) emissions, in alignment with the standards developed by the Greenhouse Gas Protocol.²⁷ In 2021, the Bank's total emissions (scope 1, 2 and 3 business travel emissions) amounted to 2,038 tCO₂e. The Bank is committed to setting scope 1 and 2 GHG emissions targets in 2022. Sustainalytics notes that the Bank is currently in the process of estimating its scope 3 financed emissions.²⁸

Sustainalytics is of the opinion that the Laurentian Bank Sustainable Bond Framework is aligned with the Bank's overall sustainability initiatives and will further the Bank's action on its key environmental priorities. Nevertheless, Sustainalytics encourages the Bank to set quantitative, time-bound sustainable finance targets and objectives and transparently report on its progress against the targets on a periodic basis.

Approach to managing environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social (E&S) impacts, Sustainalytics is aware that such eligible projects could also lead to negative E&S outcomes. Some key E&S risks commonly associated with the eligible projects could include issues related to land use and biodiversity, emissions and waste management, effluents, occupational health and safety, and community relations.

Sustainalytics is of the opinion that the Bank can manage and mitigate potential risks through the implementation of the following practices:

- The Bank has communicated that the environmental risk assessment process is integrated into the Bank's credit risk management process for most of its non-retail lending activities.

²² Laurentian Bank of Canada, "2021 ESG Report", (2021), at: https://www.laurentianbank.ca/sn_uploads/fck/ESG-2021/LBC_2021-ESG-Report_ENG-V1.pdf

²³ Laurentian Bank of Canada, "2021 ESG Report", (2021), at: https://www.laurentianbank.ca/sn_uploads/fck/ESG-2021/LBC_2021-ESG-Report_ENG-V1.pdf

²⁴ Ibid.

²⁵ Laurentian Bank of Canada, "Laurentian Bank Sustainable Bond Framework", (2022), at <https://www.laurentianbank.ca>

²⁶ Ibid.

²⁷ Laurentian Bank of Canada, "2021 ESG Report", (2021), at: https://www.laurentianbank.ca/sn_uploads/fck/ESG-2021/LBC_2021-ESG-Report_ENG-V1.pdf

²⁸ Ibid.

- For construction loans with a size greater than CAD 1 million (USD 736,000), the Bank's Credit Risk Policy requires the potential borrowers to provide Environmental Site Assessment reports and soil tests, if applicable, carried out by third-party accredited professionals, which include site contamination or hazardous waste assessment criteria.²⁹ The Bank has communicated that its standard loan agreements include covenants that require the borrowers to be in compliance with the applicable environmental laws within the jurisdiction where the project is located. These covenants include assessment of risks associated with land use and biodiversity, emissions and waste management, effluents, occupational health and safety, and community relations.
- The Bank is subject to Canada's Labour Code, Part II, which provides a framework to prevent workplace accidents and injuries and ensure workers' health and safety.³⁰ Employers are responsible for ensuring that employees are provided with enough information, instruction and oversight required to work safely.³¹ Each Canadian province or territory holds an occupational health and safety (OHS) act or equivalent, which applies to most workplaces, and each of the workplaces is responsible for the enforcement and the administration of its OHS act and regulations.³²
- The Bank has established an Environmental and Social Risk Management (ESRM) function that is responsible for having an oversight on the Bank's E&S risks. ESRM is committed to executing a multi-year roadmap to establish an E&S risks management framework which includes risk policies, processes and governance to identify, measure, manage and monitor E&S related risks across the Bank. In addition, the Bank assesses and discloses climate-related financial risks, in line with the recommendations by the Task Force on Climate-related Financial Disclosures.³³
- The Bank has established the Financing Restrictions and Sensitive Sectors public statement and procedures for existing clients, which informs the Bank's internal guidelines on providing direct financing to ESG-sensitive sectors.³⁴ Through this statement, the Bank commits to excluding direct financing to the exploration, production or development of coal or oil and gas projects.³⁵
- The Bank has Voluntary Codes of Conduct in place to protect consumer and worker rights. The Voluntary Codes of Conduct include a Model Code of Conduct for Bank Relations with Small- and Medium-Sized Businesses, which governs the Bank's standard of conduct and procedures in providing financing to MSMEs and addressing their complaints. Furthermore, the Bank requires all its employees to comply with laws to prevent coercive-tied selling, which prohibits the Bank from imposing pressure on its borrowers to obtain any product or service. In addition, Laurentian Bank has a Whistleblower and Reporting Hotline for anonymous complaints.^{36,37}
- The Bank's operations are in Canada, which is recognized as a Designated Country under the Equator Principles, demonstrating the presence of strong environmental and social governance systems, legislation and institutional capacity to mitigate environmental and social risks possibly associated with the projects funded under the Framework.³⁸

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Laurentian 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 nine use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on two categories below where the impact is specifically relevant in the local context.

Importance of Financing Renewable Energy Projects in Canada

²⁹ The Bank has shared its Credit Risk Policy with Sustainalytics confidentially.

³⁰ Canadian Centre for Occupational Health and Safety, "OSH Answers Fact Sheets", at: <https://www.ccohs.ca/oshanswers/legisl/intro.html>

³¹ Ibid.

³² Ibid.

³³ Laurentian Bank of Canada, "2021 ESG Report", (2021), at: https://www.laurentianbank.ca/sn_uploads/fck/ESG-2021/LBC_2021-ESG-Report_ENG-V1.pdf

³⁴ Laurentian Bank of Canada, "Financing restrictions and sensitive sector", at:

https://www.banquelaurentienne.ca/sn_uploads/fck/ma_banque/20220204_Financing_restrictions_and_sensitive_sectors_Public_Statement.pdf

³⁵ Ibid.

³⁶ Laurentian Bank of Canada, "Voluntary Codes of Conduct and Public Commitments", at:

https://www.laurentianbank.ca/en/about_lbc/my_bank/codes_conduct.html

³⁷ Laurentian Bank of Canada, "Coercive Tied Selling", at: https://www.laurentianbank.ca/en/pdf/Brochure_Tied_selling.pdf

³⁸ Equator Principles, "Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

The electricity and heat generation sectors in Canada are the sixth largest source of GHG emissions in the country, accounting for 8.4% of total GHG emissions in 2019.³⁹ In this context, increasing the share of renewable energy generation has the potential to have a significant impact on meeting the country's climate goals. A study from the IEA and the International Renewable Energy Agency (IRENA) supports this assessment, estimating that 65-70% of worldwide primary energy demand would need to be met by low-carbon energy sources by 2050 to meet the 2°C target. The proportion of electricity derived from renewable sources in Canada grew 3.4% between 2010 and 2018 and is expected to grow by only 4.8% by 2030 with current strategies, representing a slow growth rate.^{40,41}

As a signatory to the Paris Agreement, Canada has committed to becoming a net zero emissions economy by 2050.⁴² In line with this target, the country aims to produce 90% of its electricity from non-emitting sources by 2030.⁴³ In order to meet its commitment of the Paris Agreement, Canada recently published a climate plan, A Healthy Environment and A Healthy Economy, outlining the government's plan to accelerate the growth of renewable energy usage across various industries.⁴⁴ In June 2021, the federal government announced CAD 964 million (USD 709 million) investment in the Smart Renewables and Electrification Pathways Program (SREP) to increase the number of smart energy and grid modernization projects that promote the use of clean technologies such as wind, solar and hydro energy.⁴⁵ In addition to supporting Canada's decarbonization of the energy sector, renewable energy investments are expected to contribute to a share of 29% of Canada's GDP coming from the energy sector by 2030.⁴⁶

Sustainalytics expects Laurentian Bank of Canada's financing in renewable energy projects to contribute positively to the energy transition in Canada, which may also help meet global environmental objectives.

Importance of Providing Support to Women, Indigenous-Owned and Visible-Minority-Owned MSMEs in Canada

As of 2021, MSMEs in Canada accounted for nearly 98.1% of all employer businesses, with small- and medium-sized businesses employing nearly 63.8% and 21.1%, respectively, of the labour force in the country.⁴⁷ The 2017 Survey on Financing and Growth of Small and Medium Enterprises found that only 16% of SMEs in Canada were owned by women, compared to 64% by men.⁴⁸ In addition, other vulnerable populations, including visible minorities and Indigenous peoples, accounted for just 12% and 1%, respectively, of all SMEs.⁴⁹

Given the important role MSMEs play in Canada's economy, the Canadian government announced in its 2022 budget support for SMEs through the enhanced Canada Small Business Financing Program, mobilizing CAD 560 million (USD 412 million) in annual financing to small businesses and introducing measures such as cutting taxes for growing small businesses.⁵⁰ In addition, the government has introduced various programmes aimed at supporting businesses owned by certain populations, such as Canada's Women Entrepreneurship Strategy, providing more than CAD 6 billion (USD 4.4 billion) from the federal government, and the Indigenous Business Initiative, which provides up to CAD 306.8 million (USD 225.8 million) for Indigenous businesses.^{51,52}

Despite these efforts, women entrepreneurs in the country face challenges in accessing financing: women-owned businesses only receive 4% of Canada's venture capital funding and are also less likely to receive other

³⁹ Environment and Climate Change Canada, "Greenhouse Gas Emissions", (2021), at:

<https://www.canada.ca/content/dam/eccc/documents/pdf/cesindicators/ghg-emissions/2021/greenhouse-gas-emissions-en.pdf>

⁴⁰ Canada Energy Regulator, "Prairie Provinces to lead Canada in renewable energy growth", (2021), at: <https://www.cer-rec.gc.ca/en/about/news-room/news-releases/2021/prairie-provinces-to-lead-canada-in-renewable-energy-growth.html>

⁴¹ Environmental Defence, "Cleaner, cheaper and growing: renewables are ready. Canadian policy isn't", (2019), at:

<https://environmentaldefence.ca/2019/06/06/cleaner-cheaper-growing-renewables-ready-canadian-policy-isnt/>

⁴² Environment and Climate Change Canada, "Canadian Environmental Sustainability Indicators: Progress towards Canada's greenhouse gas emissions reduction target", (2020), at: <https://www.canada.ca/content/dam/eccc/documents/pdf/cesindicators/progress-towards-canada-greenhouse-gas-reduction-target/2020/progress-ghg-emissions-reduction-target.pdf>

⁴³ Government of Canada, "Powering our future with clean electricity", at:

<https://www.canada.ca/en/services/environment/weather/climatechange/climate-action/powering-future-clean-energy.html>

⁴⁴ Environment and Climate Change Canada, "A Healthy Environment and A Healthy Economy", (2020), at:

https://www.canada.ca/content/dam/eccc/documents/pdf/climate-change/climate-plan/healthy_environment_healthy_economy_plan.pdf

⁴⁵ Natural Resources Canada, "Canada Invests Over \$960-Million in Renewable Energy and Grid Modernization Projects", (2021), at:

<https://www.canada.ca/en/natural-resources-canada/news/2021/06/canada-invests-over-960-million-in-renewable-energy-and-grid-modernization-projects.html>

⁴⁶ Clean Energy Canada, "The New Reality", (2021), at: https://cleanenergycanada.org/wp-content/uploads/2021/06/Report_CEC_CleanJobs2021.pdf

⁴⁷ Government of Canada, "Analysis on small businesses in Canada, first quarter of 2022", (2022), at: <https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2022004-eng.htm>

⁴⁸ Government of Canada, "Survey on Financing and Growth of Small and Medium Enterprises, 2017", (2018), at:

<https://www.ic.gc.ca/eic/site/061.nsf/eng/03086.html>

⁴⁹ Ibid.

⁵⁰ Prime Minister of Canada, "Supporting small businesses and creating good jobs", (2022), at: <https://pm.gc.ca/en/news/news-releases/2022/04/12/supporting-small-businesses-and-creating-good-jobs>

⁵¹ Government of Canada, "Women Entrepreneurship Strategy", (2022), at: <https://ised-isde.canada.ca/site/women-entrepreneurship-strategy/en>

⁵² Government of Canada, "Indigenous businesses initiative", (2021), at: <https://www.sac-isc.gc.ca/eng/1588079295625/1588079326171>

forms of leverage, such as trade credit or capital leasing.^{53,54} In addition, a survey conducted in 2016 found that 31% of Indigenous business owners reported access to financing as a major obstacle in growing their businesses.⁵⁵ Furthermore, the Canadian Council for Aboriginal Business found that the lack of financing was exacerbated during the COVID-19 pandemic particularly for Indigenous businesses on reserve land and for businesses that lacked collateral to obtain loans from traditional financial institutions.⁵⁶ As of the end of 2021, visible-minority-owned businesses also struggled to obtain financing: more than 15% reported lack of access to funding and more than 70% of such businesses reported lower revenue due to the pandemic in comparison to non-visible minority owned businesses.⁵⁷

As a financial institution in Canada, Laurentian Bank is positioned to support women, Indigenous and visible-minority entrepreneurship and leadership by providing financing to MSMEs owned by these groups. Sustainalytics believes that the Bank's investments toward such MSME are expected to yield strong positive social impacts.

Alignment with/contribution to SDGs

The Sustainable Development Goals were set in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds issued under the Laurentian Bank Sustainable Bond Framework advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated, and sustainable human settlement planning and management in all countries
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
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
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Access to Essential Services	3. Good Health and Well Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality education	4.a Build and upgrade education facilities that are child, disability, and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all

⁵³ Canada Post, "The power of female small business owners and leaders", at: <https://www.canadapost-postescanada.ca/blogs/business/e-commerce/the-power-of-female-small-business-owners-and-leaders/>

⁵⁴ Women Entrepreneurship Knowledge Hub, "The State of Women's Entrepreneurship in Canada", (2020), at: https://wekh.ca/wp-content/uploads/2020/10/WEKH_State_of_Womens_Entrepreneurship_in_Canada_2020_EN-1.pdf

⁵⁵ The National Indigenous Economic Development Board, "The Indigenous Economic Progress Report", (2019), at: <http://www.naedb-cndea.com/wp-content/uploads/2019/06/NIEDB-2019-Indigenous-Economic-Progress-Report.pdf>

⁵⁶ Canadian Council for Aboriginal Business, "COVID-19 Indigenous Business Survey: Phase 3", (2021), at: <https://www.ccab.com/wp-content/uploads/2022/01/Covid-Phase-3-report-EN-r1-FINAL.pdf>

⁵⁷ Royal Bank of Canada, "Unleashing Opportunity: The Economic Gains in Narrowing Canada's Racial Wealth Gap" (2022), at: <https://thoughtleadership.rbc.com/unleashing-opportunity-the-economic-gains-in-narrowing-canadas-racial-wealth-gap/>

Indigenous communities and businesses	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Majority Women-Owned SME Financing	5. Gender Equality	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
Leadership in Diversity and Inclusion	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Conclusion

Laurentian Bank has developed the Laurentian Bank Sustainable Bond Framework under which it may issue green, social or sustainability bonds and use the proceeds to finance environmental and social projects including renewable energy, green buildings, clean transportation and affordable housing. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impacts.

The Laurentian Bank Sustainable Bond 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 Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 5, 7, 10 and 11. Additionally, Sustainalytics is of the opinion that the Bank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Laurentian Bank is well-positioned to issue green, social or sustainability bonds and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

Appendix

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

Section 1. Basic Information

Issuer name:	Laurentian Bank of Canada
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Laurentian Bank Sustainable Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 27, 2022
Publication date of review publication:	

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 and SBP:

- | | |
|--|--|
| <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 (please specify): | |

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, Energy Efficiency, Low-Carbon Transportation, Affordable Housing, Access to Essential Services, Majority Women-Owned SME Financing and Leadership in Diversity and Inclusion – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 5, 7, 10 and 11.

Use of proceeds categories as per GBP:

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

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

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Laurentian Bank's Sustainable Bond Working Group comprises senior representatives from Personal Banking, Commercial Banking, Capital Markets, Credit, Legal, Compliance, Risk Management, Accounting, Investor Relations and Corporate Treasury and the Office of the President. The Sustainable Bond Working Group will oversee the internal process for evaluating and approving the assets shortlisted by its individual business lines. The Bank has adopted internal processes to identify and manage environmental and social risks associated with the financed assets. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green 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 Sustainability Bond proceeds | <input checked="" 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 (please specify): |

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 (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Laurentian Bank's Sustainable Bond Working Group will oversee the allocation and tracking of proceeds. Laurentian Bank intends to reach full allocation within 36 months. Pending allocation, unallocated proceeds will be held in cash or liquid securities in line with Laurentian Bank's liquidity management processes. This is in line with market practice.

Tracking of proceeds:

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

Laurentian Bank of Canada intends to publish a Sustainable Bond Report on its website to report on the allocation and impact of proceeds on an annual basis until full allocation. Allocation reporting will include the net proceeds issued, the aggregate amounts of proceeds allocated to each category, the proportion of proceeds allocated to each category and the unallocated balance of net proceeds. In addition, Laurentian Bank of Canada has committed to reporting on relevant impact metrics. Sustainalytics views Laurentian Bank of Canada's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

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

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): Net proceeds from the Sustainable Bonds issued; unallocated balance of the net proceeds at the time of reporting | |

Frequency:

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

Impact reporting:

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

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Renewable energy: total installed or generated capacity (MW or MWh) and |

estimated GHG emissions avoided (tCO₂e); number of green buildings financed, sustainability certification(s) achieved, floor space of green real estate (square ft), amount of energy saved (MWh), and estimated GHG emissions avoided (tCO₂e); expected energy savings per year (MWh), and GHG emissions avoided per year (tCO₂e); number of low-carbon transportation supported, annual ridership of each transit system supported, and new clean transportation infrastructure built (km); affordable housing: number of projects supported, number of affordable units supported, and number of people supported

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): Standalone report published on the Bank'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 REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social 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 sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability 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, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability 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 and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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For more information, visit www.sustainalytics.com

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