

User Guide

External Review Service Mapping Template

June 2018

Introduction

This User Guide relates to the template for External Review Service Mapping Template. The User Guide aims to clarify how each element of the template should be filled in and understood.

The purpose of the template for mapping of external reviews is to provide market participants with greater clarity on the universe of external reviewers and their services. The Executive Committee of the GBP/SBP encourages external reviewers to voluntarily fill in this template in order to promote transparency and disclosure and support market efficiency.

Questions related to filling in the template can be sent to the Secretariat for the GBP/SBP at greenbonds@icmagroup.org.

Template

EXTERNAL REVIEWER

This section aims to provide the reader with a broad sense of who the reviewer is and of the range of services offered by a reviewer.

Name of reviewer / service provider

The name of the reviewer.

Short description of review / service provider

Description of the organisation (rating agency, academic institution, non-profit org...)

List of independent external review services provided (please complete one Review Service Template for each service provided – please see section below)

Review providers may offer a range of services, and hence may have different names for these services. The idea is that each type of service is represented by an individual External Review Service Template. Consequently, some review providers may fill out several External Review Service Templates. Thus, the Reviewer section seeks to provide an overview of all the services offered by a review provider. Please list the names of all relevant External Review Services provided.

List of collaborative consultant services / advisory (optional and for information only – not to be made part of the External Review Service Template below)

In addition to independent assessment services, reviewers may also offer advisory type of services, for example Green / Social Bond Framework structuring advice or advice in relation to reporting and similar. If your organisation offers advisory type of services related to the Green or Social bond

market, you may list them here. Note however that the External Review Service Template (i.e. the next section) is only meant to capture independent assessment services.

If you offer advisory services, please indicate whether these are handled separately from independent external review services.

EXTERNAL REVIEW SERVICE TEMPLATE

The reviewer completes one External Review Service Template for each service provided (and listed in the “Reviewer” section above).

Section A – CONTENT – Description of service

1. NAME OF SERVICE - Name of service as defined by the reviewer

The name of the service offered.

2. OBJECTIVE - What are you aiming to accomplish with this service? (main objective / goal / outcome)

This section is meant to include a description of the reviewer’s objective with the service – what’s the philosophy behind it? What are you trying to achieve with this service? E.g. comparability between issuers, evaluation of green or social governance procedures, robustness of green/social investments, etc.

3. REVIEW TYPE – Please indicate the review type(s) which best describe your service

The Review Types are defined in the Green Bond Principles and the Social Bond Principles. A service could potentially entail more than one of these Review Types. For convenience, the Review Types as described in the GBP are listed below. For the exact wording in the SBP, please see the ICMA Website at (<https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>)

- 1. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer’s adviser for its Green 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 Green Bond Principles. In particular, it can include an assessment of the issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.*
- 2. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer’s internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.*
- 3. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A*

standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

4. *Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.*

4. SERVICE / SCOPE – Please provide a general description of your service / scope

Please provide an overview of the content of this service. What areas are subject to assessment (perhaps also indicating what is *not* included)?

5. GREEN / SOCIAL / SUSTAINABILITY BOND SERVICES – Do you offer Green and/or Social and/or Sustainability bond services (Sustainability bonds to cover both Green and Social aspects)?

Please indicate whether you provide this service to Green Bond or Social Bond issuers. A Sustainability Bond Service would include both Green and Social aspects.

6. GBP / SBP – Are each of the four principles in the GBP/SBP taken into account in the review?

Please list which of the four principles are covered by the service offered.

7. METHODOLOGY - General description of methodology

Under this heading, please describe how you in practice go about to make your review. How is the process set up? What methods are used for the evaluation? Are there any limitations / short-comings of the methodology and if so what are the implications of this on the boundaries in terms of scope of analysis? Is the methodology described in further detail on your webpage or similar?

8. DISCLOSURE - Where can further information on the service be found?

Given the importance of transparency in the Green / Social bond market, is there general information on this service displayed publicly? Is it possible to find such details as included under the headings above? A section for listing webpages where such information is provided is available in this section.

9. BUILDING BLOCKS – Please indicate which building blocks are relevant to your service and which ones are the most important for your service

This section aims to provide the reader with a quick overview of the service, enabling a simple comparison between review offerings. It sets out a number of building blocks or review elements (a-i), which could be part of a reviewer's service offering. Typically several of these are included in a service, but some elements may be more important than others for the assessment performed and the content of the review service being described. The aim has been to specify these elements or building blocks with as little overlap as possible (perhaps with the exception of building block a) Assessment of alignment with GBP/SBP' which may also be addressed in more detail and on an individual principle basis under some of the other building blocks). There is also an additional category (Other) in case none of the other elements describe a part vital to the service offered by the reviewer.

Please tick the boxes for the building blocks contained in the review service which you are currently describing. Thereafter indicate which three of them are most important for this service offering by ranking them 1-3, with 1 being the most important. (Should your review contain less than three elements, please rank the one/s included).

a) Assessment of alignment with GBP / SBP

An overview of the alignment with the GBP / SBP; desktop assessment based on statements in a Green / Social Bond Framework or similar documents or through dialogue with the issuer. More comprehensive assessments of any one particular Principle to be listed under other relevant building blocks or review elements (b-i).

b) Environmental / Social evaluation and qualitative impact evaluation

A deep dive primarily into the project categories listed in the Use of Proceeds section and the implications on an environmental / social dimension. Such an environmental / social due diligence or quality judgement may list environmental / social strengths and weaknesses or a qualitative assessment of the “greenness” (defining the value of green), or similar assessment in the social dimension. A typical scale for assessment may be in the dimension poor <-> good.

c) Quantitative impact assessment

Measurement of quantitative environmental / social impact, such as the estimated or actual reduction in pollution in relation to a base line. In contrast to the Environmental / Social evaluation, this building block or review element focuses primarily on raw data (e.g. GHG data) rather than a qualitative assessment in broader terms, but may nonetheless include an overlay to interpret the raw data.

d) Environmental / Social governance assessment

Qualitative assessment of an issuer’s governance structures for safeguarding environmental / social integrity, particularly in relation to the undertakings made in the issuer’s Green / Social / Sustainable Bond Framework. For example, does the issuer have sufficient environmental / social competence in place (internally or accessible externally) to make selections according to the project categories listed in the framework? What control functions have been put in place? Does the issuer’s process infrastructure support a sound evaluation of environmental / social aspects?

e) Issuer-level ESG assessment

A reviewer may include an ESG assessment of the issuer per se in their service offering. This can be in the form of an ESG scoring or a simple assessment on the issuer level. This is separate from the environmental / social governance assessment which primarily focuses on the management capacity and infrastructure in place to execute the undertakings made specifically for the bond. The issuer-level ESG assessment takes a broader perspective, including factors that may not be directly relevant to the execution of the bond undertakings.

f) In-depth assessment of procedures

Evaluation of an issuer’s alignment with procedural undertakings made or claims presented by the issuer, such as how proceeds will be / are managed or projects selected in practice. For example, on site assessment of structural dimensions or verification of documents evidencing the procedures, e.g. an ex post review of meeting notes for selecting projects.

A typical scale / dimension of assessment: in line <-> not in line, correct <-> incorrect.

g) Assessment of allocations / reporting / asset facts and similar

Evaluation of an issuer's claims made in relation to allocations, reporting, asset facts and similar. Examples include numerical assessments of allocations (verified e.g. by checking underlying accounting), confirmation of certificates received (e.g. green building certificates), confirmation that statements made by the issuer in its reports are deemed a fair representation etc. With regards to impact reporting, this type of service may include an assessment of the reasonableness of assumptions made for the reporting / calculations and an assessment of the actual underlying calculations, and whether the impact reporting follows any widely accepted principles or recommendations - but it would not represent a qualitative judgement as to whether the outcome is viewed as a good or poor contribution from an environmental / social point of view. Typical scale / dimension of assessment: in line <-> not in line, correct <-> incorrect.

h) Comparison against recognised external criteria

The reviewer checks whether the criteria set up for the eligible projects / assets (or other features) are aligned with recognised external criteria. Such criteria may involve a particular level of performance or threshold, and/or checking inclusion in a classification (taxonomy) of eligible environmental / social activities. A verification letter or similar is issued by the reviewer confirming alignment with the criteria or achievement of a certain degree of performance. Typical scale: unaligned <-> aligned, incorrect <-> correct (note: for certain criteria this may be a binary statement rather than an assessment along a gradual scale).

i) Other, please specify

Should none of the above building blocks describe one of the integral parts of the service provided, please mark the Other box and describe this review element in the Comments field below.

10. TIMING

Some services are offered prior to issuance, whereas others cannot be performed until post issuance. Some are based on the outcome of actual allocations or procedural undertakings whereas others are based on expectations. Some services are performed regularly (perhaps annually) whereas others only once or as the result of a specific action or similar. In some cases, a monitored or continuous evaluation is relevant. Please tick relevant boxes and state the frequency if applicable.

Please also comment on whether a review provided has an expiration date.

11. COVERAGE

There are reviews on the level of the issuer (e.g. ESG ratings or general issuer policy assessments and similar), reviews of a green / social / sustainable bond framework/programme, reviews of a specific bond (or other type of financial instrument), reviews of the underlying investments or asset allocations (of which assessments can be made on actual allocations or expected allocations) or reviews on a procedural level (in relation to the bond, the bond programme or issuer procedures). Please tick relevant boxes.

12. REFERENCE POINTS – Do you refer to internal / external standards, process protocols, benchmarks, criteria, predefined taxonomies and similar?

Please indicate if you perform your review against certain references. If so, please name these references. Reference criteria could for instance be the PBoC's Green Bonds Endorsed Catalogue / Climate Bond Standards / IFC Performance Standards / climate research / SDGs / Assurance - ISAE 3000 / Name of internal protocol or other criteria.

13. PERFORMANCE LEVEL REQUIREMENTS - Are environmental / social performance levels or thresholds assessed? Does the service include an analysis of benchmarks used?

Please describe if you make assessments of an issuer's aims and ambitions from an environmental / social dimension (issuer perspective). Do you expect the issuer to achieve certain performance standards and if so, are these broadly quantified or otherwise defined? Do you make an assessment of benchmarks or minimum threshold levels referenced by the issuer (e.g. building standards, regulations and similar) and if so, do you put this assessment in a local context? Do you in any other way assess the issuer's performance quality?

14. CONTROVERSIES – Are controversies highlighted?

Do you make reference to potential negative impacts, negative externalities, risks or issues which may in an adverse way affect or counteract intended outcomes? If so, does this assessment stretch beyond the framework or bond boundaries? Do you highlight issues which in your view may be perceived as controversial by investors or third parties?

15. PUBLICATION – Do you require that the review is made public?

Is it a requirement by the reviewer that the issuer makes the review, or a summary of the review, public in connection with the bond issuance or similar relevant event?

16. EXTERNAL REVIEW FORM –

a) Is the GBP/SBP External Review form included as part of the review?

b) Is it posted on the GBP/SBP Resource Centre?

A template to summarise each issuer review has been developed and is available at the GBP/SBP resource centre. Completing this template contributes to transparency and comparability on the market. These templates are compiled in the GBP/SBP database, to the extent they have been submitted.

Section B – CREDENTIALS – Description of credentials for performing the service

17. CREDENTIALS – Please describe your credentials, including sector coverage and technical skills to the extent relevant

Please comment on the credentials you (i.e. the reviewer organisation) possess for executing this service (e.g. knowledge of environmental or social issues, auditing type of experience, expertise on external criteria etc).

18. EXPERIENCE – Please describe your experience in the filed

a) Launch date – year when first review was completed

b) Number of reviews – number of reviews performed to date

Please list relevant dates and number of reviews performed, bearing in mind that the answer to this question may imply occasional updates. Please note that the answer under this question will be read in conjunction with the 'Date of completion' as set out in the very top of the review template.

19. CAPABILITIES –

a) Geographic scope – regions covered for the above described service

b) Language capabilities – relevant for the above described service

Please note that the capabilities stated in this section should only be in relation to the specific review service described in the template. This is different than the regional / language coverage of the reviewer per se (and potentially targeted at other services).

20. INDEPENDENCE - How is independence / segregation between service offerings assured (general description of separation of duties, how integrity is assured)?

Please describe the various roles you as a reviewer may play in the green, social and sustainability bond markets. In case these are both advisory type of services and assessment type of services, whether they are performed in conjunction or as separate offerings.

21. NATURE OF SERVICE - Is the service provided a regulated activity or otherwise treated in the same fashion as adjacent services provided by the reviewer?

Please describe the circumstances under which the service is provided. Is there any code of conduct or similar protocol set by regulations or policies guiding the services?

Final remarks

Thank you for filling in this External Review Service Mapping Template.

You may, at any time, update this information to reflect changes in the services you provide.