



Muangthai Capital Public Company Limited

Second-Party Opinion – Social Bond Framework

Excellent
Good
Aligned
Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Good	<ul style="list-style-type: none"> Sustainable Fitch considers the use of proceeds (UoP) categories under Muangthai Capital Public Company Limited's (MTC) framework to support positive social impacts. The proposed eligible social projects positively contribute to the UN Sustainable Development Goals (SDGs). Expected outcomes include improved financial inclusion, improved employment generation and enhanced food security.
Use of Proceeds - Other Information	Good	<ul style="list-style-type: none"> The intended lookback period of three years is in line with standard market practice. There is no disclosure of the share of existing projects to be refinanced versus new projects.
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> The project evaluation and selection process is well-defined, and there is involvement of departments with relevant ESG expertise.
Management of Proceeds	Good	<ul style="list-style-type: none"> Unallocated proceeds will be held in liquid products subject to the company's liquidity policy, in line with standard market practice.
Reporting and Transparency	Excellent	<ul style="list-style-type: none"> Annual allocation and impact reports will be published until full allocation, and in the case of any significant changes. Reporting will be prepared at the category level on a portfolio basis for the company's bonds. This aligns with market practice, but limits project-level visibility of impacts.

Framework Type	Social
Alignment	<ul style="list-style-type: none"> ✓ Social Bond Principles 2023 (ICMA) ✓ ACMF ASEAN Social Bond Standards 2018
Date assigned	13 September 2024
See Appendix B for definitions.	

Relevant UN Sustainable Development Goals

1 NO POVERTY	2 ZERO HUNGER	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH
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Use of Proceeds Summary – ICMA Categories

Social	Access to essential services Employment generation (through SME financing and microfinancing) Food security
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Source: MTC social bond framework 2024

Framework Highlights

We consider transactions under MTC’s social bond framework to be aligned with the ICMA Social Bond Principles (SBP) and the ASEAN Capital Markets Forum (ACMF) ASEAN Social Bond Standards (ASEAN SBS). The framework includes the relevant pillars from the ICMA SBP and the ASEAN SBS, including information on the UoP, process for project evaluation and selection, management of proceeds, and reporting.

Proceeds from transactions under the framework can be allocated to three social UoP categories of financial inclusion, employment generation, and food security and sustainable food systems.

All UoP categories describe projects that have the potential to contribute to positive social impacts. The UoP categories are aligned with the project categories recommended by ICMA SBP and the ASEAN SBS.

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

We understand from the company that allocated proceeds will adhere to the International Finance Corporation’s (IFC) exclusion list, which includes socially harmful and controversial activities. This provides assurance to investors that the instruments issued under the framework will not be used for environmentally or socially harmful projects.

The social UoP categories describe activities that will create social benefits, including improving financial security, employment generation and improving productivity of smallholder farmers. We expect the eligible projects to contribute to the SDGs, in particular, SDGs 1 (no poverty), 2 (zero hunger), 5 (gender equality) and 8 (decent work and economic growth).

The social UoP categories have clearly defined target populations, including lower-income individuals; smallholder farmers; unemployed individuals; women-owned SMEs; and micro-, small and medium-sized enterprises (MSMEs).

Source: Sustainable Fitch, MTC social bond framework 2024

Entity Highlights

MTC is a non-bank financial institution headquartered in Bangkok, Thailand, providing car title loan services to retail customers. The company’s mission is to provide financial inclusion for the low-income individuals and small businesses lacking access to formal financing, and to reduce inequality levels.

MTC’s total assets amounted to over THB150 billion as of end-2023. The company operates a network of over 8,000 branches in Thailand with over 15,000 employees, funding over 3.5 million households in Thailand. Its subsidiaries include Muangthai Leasing Company Limited, Muangthai Leasing Insurance Broker Company Limited and Muangthai Pay Later Company Limited.

The company’s business activities encompass personal loans, insurance and tax renewal services. MTC’s products include vehicle registration loans, land title deed loans, personal loans, nanofinance loans, motorcycle hire purchase loans, non-life insurance brokerage services, and loans for the purchase of electrical appliances and general equipment.

As of end-2023, the car title loans segment had the biggest share of loan receivables (34%), followed by motorcycle title loans (31%), land (13%), personal loans (12%), nanofinance (4%), agricultural trucks (3%), and hire and purchase (3%). MTC primarily provides services to local customers, and its customer base comprises farmers (31%), temporary workers (26%), merchants and business owners (20%), office workers (19%), and government officers (4%).



The company produces a sustainability report annually, in accordance with the Global Reporting Initiative standards. The reports outline the company's social commitments, including its commitment to human rights, gender equality and non-discrimination. The company's policies are aligned with international guidelines, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the labour laws of Thailand.

MTC has yet to develop a formalised sustainability strategy, although it has established business development plans that include its aims to drive sustainability in its business operations by 2032. However, quantitative social targets to align with these overarching goals have not been set to date.

The company has also increasingly focused on incorporating sustainability in its operations, by promoting financial inclusion of low-income individuals and small businesses, and introducing loan products targeted at female entrepreneurs. We believe funds raised under this framework will support initiatives that align with these commitments.

Source: Sustainable Fitch, MTC Form 56-1 One Report 2023, MTC sustainability report 2023



Use of Proceeds – Eligible Projects

Alignment: Good

Company Material

Sustainable Fitch’s View

Financial inclusion

- This UoP covers loans including those that ensure all men and women, in particular, poor and vulnerable individuals, have equal access to economic resources and financial services, including microfinance.
- Target populations under this UoP include lower-income groups, farmers, women and the underserved population.
- Proceeds will be allocated to smallholder farmers, including individuals who have agricultural registration books, rubber farmers or aquaculture farmers with ID cards.

- We consider this UoP to be aligned with the access to essential services category of the ICMA SBP and the ASEAN SBS.
- We consider projects under this UoP to contribute to SDG 1 by promoting equal access to economic resources, alleviating economic burdens and allowing underserved groups to meet basic needs.
- We positively view that the targeted groups include lower-income groups and underserved populations, as they are likely to lack access to formal financing. We understand from the company that it will only select clients in the defined target populations, ensuring the added social benefits of financed projects.
- Microfinancing promotes access to formal credit for underbanked and underserved populations, particularly for those who have limited access to traditional banking services. This can lead to positive social outcomes, including lower poverty and reduced inequality.
- Microborrowers typically face a higher risk of taking on unmanageable debt due to lower levels of financial literacy. We positively view that the company adheres to fair lending policies outlined by the Thai central bank, Bank of Thailand, which requires lenders to ensure services are appropriate and not exploitative by considering a borrower’s ability to repay debt and fostering financial discipline.
- We also positively view that the company conducts individual assessments of every borrower’s repayment ability, providing assurance of the affordability of MTC’s loans.
- Additional details, such as whether this UoP includes a discount on interest rates or other favourable financing terms for the target populations, would further provide clarity on the additional social benefits of financed projects.



1

NO POVERTY

Employment generation

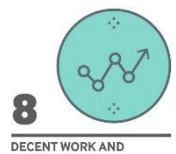
- This UoP is for the financing of MSMEs, including microfinance.
- Proceeds will be allocated to financing enterprises (MSMEs and SMEs) that are owned by individual female entrepreneurs, individual female business owners or self-employed women.

- We expect this UoP to be aligned with the access to employment generation category of the ICMA SBP and the ASEAN SBS.
- MSMEs accounted for over 35% of Thailand's GDP in 2022, serving as a key source of employment in the country's economy. We expect this project to contribute to economic productivity and job creation in Thailand, supporting SDG 8.
- We view loans to women-owned MSMEs to support SDG 5 by improving women’s access to formal financial services.
- Women’s labour force participation in Thailand amounted to 45% in 2023. Therefore, financing targeted at women-led MSMEs and SMEs can close the gender gap by economically empowering women, consequently contributing to the country’s broader economic development.
- We understand from the company that the lending rates for the personal and microfinancing loans provided will be limited by the statutory maximum interest rate imposed by the Thai government’s regulations. Similar to the financial inclusion UoP, additional details on whether this UoP has any favourable financing terms for the target populations would further provide clarity on the additional social benefits of financed projects.
- Similar to the loans issued under the financial inclusion UoP, we positively view that the company adheres to fair lending policies outlined by the Bank of Thailand and applies its eligibility criteria to ensure affordability of products for borrowers, limiting the potential negative outcomes that may arise from issuing microloans.



5

GENDER EQUALITY



8

DECENT WORK AND ECONOMIC GROWTH



Food security and sustainable food systems

- This UoP covers financing of loans aiming to increase agricultural productivity and income, and access to land and resources that are factors in production.
- The loans will allow farmers to make purchases to increase their productivity, such as fertilisers and necessary agricultural equipment.

- We expect this UoP to be aligned with the food security and sustainable food systems category of the ICMA SBP and the ASEAN SBS.
- We consider projects under this UoP to contribute to SDG 2, as they aim to ensure stable access to nutritious food and improve health and well-being.
- We expect this UoP to promote access to credit and financial inclusion for farmers, increasing their productivity and incomes. This, in turn, will enhance food security by promoting resilient agricultural practices, ensuring a stable food supply for the general public.
- The World Bank estimates that Thailand is one of the top five countries expected to experience the largest decline in GDP by 2048 as a result of climate change. The production of crops in Thailand is likely to be adversely affected by climate change, without the adaptation and adoption of new technologies.
- The agricultural sector employs around one-third of Thailand's labour force, and smallholder farmers typically have lower access to capital. Thus, the provision of financial services and access to new technologies can potentially lead to higher yields.
- Projects targeted at improving the productivity of smallholder farmers have clear positive social outcomes, as they can result in higher incomes for farmers.
- Access to new technologies can further allow farmers to implement agricultural techniques that make farms more resilient to climate change and extreme weather events.
- The World Bank reported that smallholder farmers in Thailand face more difficulty in accessing credit and tend to have lower income levels than larger farmland holders. Thus, improving productivity and incomes could lead to alleviation of poverty levels.



Source: MTC social bond framework 2024

Source: Sustainable Fitch, World Bank, UN

Use of Proceeds – Other Information

Company Material

- MTC will use an amount equal to the net proceeds from the social bonds to finance or refinance eligible social projects and activities that seek to achieve positive social impact.
- We understand from the company that allocated proceeds will be subject to IFC's exclusion list.
- Refinanced projects will have a lookback period of a maximum of three years prior to the date of issuance of the bond.

Source: MTC social bond framework 2024

Alignment: Good

Sustainable Fitch's View

- The company has defined a lookback period for refinancing projects in line with the ICMA SBP and the ASEAN SBS. The lookback period of 36 months is in line with standard market practice, although a shorter lookback period would limit investments in existing projects, enhancing the additionality of bonds issued under the framework.
- The ICMA SBP and the ASEAN SBS recommend issuers to provide an estimate of the shares of financed and refinanced projects. MTC has not disclosed the intended split between new and refinanced projects in its framework, but intends to disclose the split between financed and refinanced projects in future reports.
- The IFC's exclusion list includes activities that are environmentally and socially harmful and controversial, providing assurance to investors of the framework's intended social outcomes.

Source: Sustainable Fitch

Evaluation and Selection

Company Material

- MTC has appointed an ESG bond working group to evaluate and select eligible projects that align with the criteria outlined in the framework, and considers the potential impact and risk.
- The ESG bond working group consists of representatives from departments such as the sustainability office, risk management committee, and its treasury and corporate finance, and investor relations departments.
- The ESG bond working group is responsible for:
 - reviewing the alignment of assets that are proposed to certify their eligibility;
 - integrating ESG management and impact management into the project evaluation and selection process to identify and reduce environmental and social risks according to the company's risk management manual;
 - monitoring and managing the information about the impacts defined by the SDGs;
 - managing the eligible social assets portfolio;
 - following the social bond market developments and revising the framework and criteria; and
 - preparing the evaluation and selection of eligible projects documentation for external audits when necessary.
- MTC's managers and loan officers will conduct the initial categorisation of eligible projects, and the ESG bond working group conducts the final review of eligible projects. The company's head of sustainability oversees the ESG bond working group and is responsible for the final review and approval of the project evaluation and selection process.
- We understand from the company that the sustainability team is responsible for the categorisation, data analysis, fund utilisation monitoring and risk assessments. The treasury and corporate finance department is responsible for the allocation and management of investments in social bond projects.

Source: MTC social bond framework 2024

Alignment: Excellent

Sustainable Fitch's View

- The ICMA SBP and the ASEAN SBS require issuers to communicate their process of selecting eligible social projects, and how they identify and manage perceived social risks associated with the projects.
- The framework outlines a multi-layered process where the company's loan officers conduct an initial categorisation of potentially eligible projects and the ESG bond working group certifies and evaluates potentially eligible projects that are then submitted to the head of sustainability for approval. The separation of project proposal and approval responsibilities supports checks and balances in the project selection process.
- We positively view the cross-departmental representation in the evaluation and selection process, which includes the company's sustainability office, risk management, treasury and corporate finance departments. This provides a relevant mix of financial and sustainability expertise to propose and screen eligible projects.

Source: Sustainable Fitch

Management of Proceeds

Company Material

- The ESG bond working group will manage the social bond proceeds, monitor and track the allocated net proceeds following an official internal process, and review the allocation of proceeds to eligible projects. We understand from the company that it will track the proceeds separately.
- When necessary, the ESG bond working group will consider changing or revising the eligible projects to maintain the projects qualifications as eligible social projects.

Alignment: Good

Sustainable Fitch's View

- The ICMA SBP and the ASEAN SBS require proceeds to be tracked appropriately.
- The company's tracking 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.
- The company has disclosed its intended placements for unallocated proceeds in line the requirements of the ICMA SBP and the ASEAN SBS. The company has further specified that unallocated proceeds cannot be



<ul style="list-style-type: none"> For any outstanding social bonds, MTC will allocate an amount equivalent to the net proceeds to a portfolio of eligible social assets that meet the criteria as outlined in the framework. Any temporarily unallocated proceeds will be invested in highly liquid products, following the company's standard liquidity policy. Unallocated proceeds will not be invested in highly polluting or energy-intensive products. 	<p>invested in highly polluting or energy-intensive activities, providing assurance that the use of unallocated proceeds will not have environmentally harmful outcomes that could also affect human health. Best practice would be to invest any unallocated funds in investments consistent with the social goals of the framework to further support positive social impact.</p> <ul style="list-style-type: none"> The company will reallocate proceeds if the financed projects become ineligible, which provides assurance that all funds will be used in line with the framework's objectives.
Source: MTC social bond framework 2024	Source: Sustainable Fitch

Reporting and Transparency

Company Material

- MTC intends to prepare a social bond report annually until full allocation.
- The social bond report will include information on the total social bond proceeds, an overview of the social bond portfolio by category, the share of financing versus refinancing, an overview of the geographical distribution of allocated assets and the balance of unallocated proceeds (if any).
- The impact report will include indicators such as:
 - for financial inclusion: number of people reached (by career types);
 - for employment generation: number of loans provided to women, number of jobs supported, number of female-founded, female-owned and female-managed enterprises; and
 - for food security and sustainable food systems: number of farmers reached.
- Within one year from the date of issuance and annually until the bond's maturity, the issuer may request a review of eligible social projects and their compliance with the framework's eligibility criteria, to be prepared by an advisor with recognised social experience.

Source: MTC social bond framework 2024

Alignment: Excellent

Sustainable Fitch's View

- The ICMA SBP and the ASEAN SBS 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.
- The company has committed to reporting on its allocation of proceeds annually until full allocation of bond proceeds, in line with the ICMA SBP and the ASEAN SBS. The company has also committed to reporting on any revisions after the bond is fully allocated, providing transparency to stakeholders over the life of each bond.
- The ICMA SBP and the ASEAN SBS recommend issuers to prepare reports on an aggregated portfolio basis where there are a large number of underlying projects. The company intends to report on the allocation and impact information at the category level on an aggregated basis for each bond issued under the framework.
- We positively view that the example impact indicators are in line with those included in the ICMA Harmonised Framework for Impact Reporting for Social Bonds, which directly quantify the impacts from eligible projects.
- The framework states that the company may engage an external verifier to provide a review on the allocation of proceeds. However, this is not a hard commitment, which would otherwise provide further assurance to investors on the quality and accuracy of reporting.

Source: Sustainable Fitch



Relevant UN Sustainable Development Goals

- **1.4:** By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
- **1.5:** By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.



- **2.1:** By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.
- **2.3:** By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.
- **2.4:** By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.



- **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.



- **8.3:** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- **8.10:** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.



Source: Sustainable Fitch, UN



Appendix A: Principles and Guidelines

Type of Instrument: Social

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 Social Bond Principles (SBP)	
Affordable basic infrastructure	No
Access to essential services	Yes
Affordable housing	No
Employment generation (through SME financing and microfinancing)	Yes
Food security	Yes
Socioeconomic advancement and empowerment	No
Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	No
Other	n.a.
Target Populations	
Living below the poverty line	No
Excluded and/or marginalised populations and/or communities	No
People with disabilities	No
Migrants and/or displaced persons	No
Undereducated	No
Underserved, owing to a lack of quality access to essential goods and services	Yes
Unemployed and/or workers affected by climate transition	No
Women and/or sexual and gender minorities	Yes
Aging populations and vulnerable youth	No
Other vulnerable groups, including as a result of natural disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity	No
Other	General public (including lower-income groups, farmers) and female entrepreneurs



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 social 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)	No
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)	No
Other	n.a.



Impact Reporting/Information Reported (exp. ex-post)

GHG emissions/savings	No
Energy savings	No
Decrease in water use	No
Other ESG indicators	Number of people reached (by career types); number of loans supported to women; number of jobs supported; number of female-founded, female-owned and female-managed enterprises; and number of farmers reached

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	No
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 (eg 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.

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