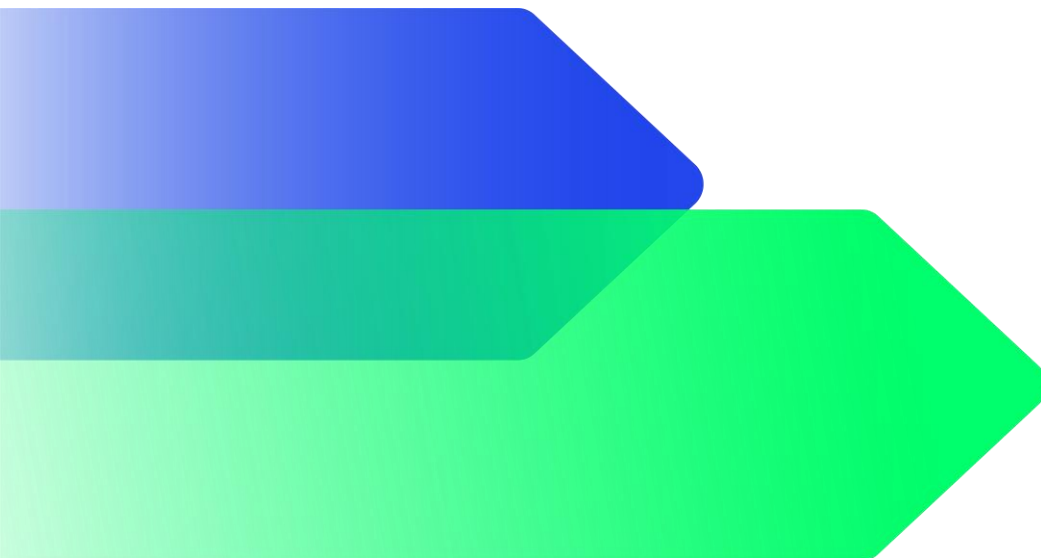


SECOND PARTY OPINION CONCERNING

Raiffeisen Bank International Sustainable Deposit Framework

August 2022

Pre-Signing Assurance





Prepared by:

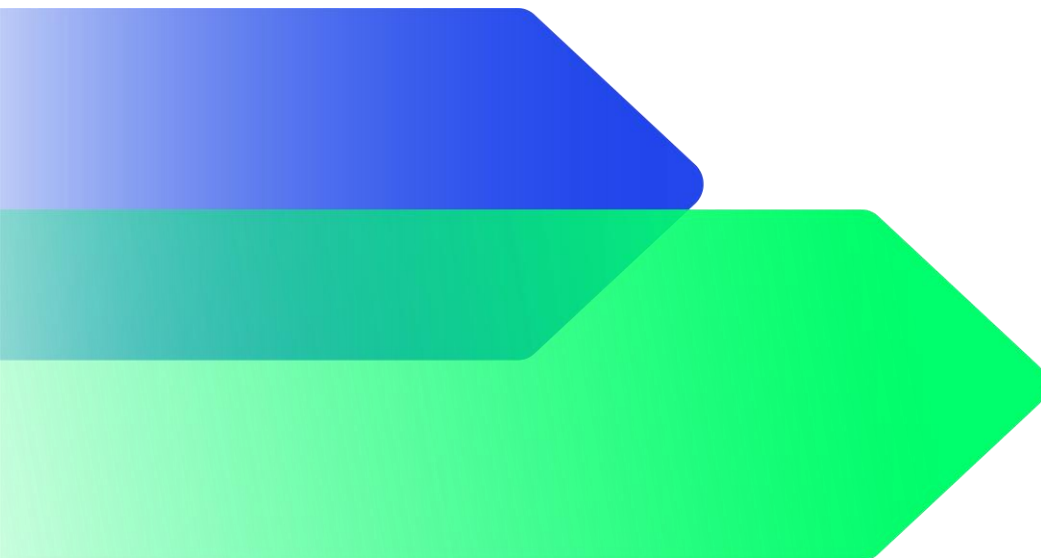
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The External Reviewer's Opinion

Terms of Engagement and Scope of the Second Party Opinion

Carbon Trust Assurance Limited (the "**External Reviewer**") has been commissioned by Raiffeisen Bank International AG ("**RBI**") (the "**Lender**") as an independent External Reviewer to provide a Second Party Opinion ("**SPO**") on the alignment of the RBI Sustainable Deposit Framework (the "**Framework**"), with the five core components of the 'Sustainability-Linked Loan Principles, Supporting environmentally and socially sustainable economic activity' ("**Sustainability-Linked Loan Principles**", "**SLLP**") (March 2022) jointly issued by the Asia Pacific Loan Market Association ("**APLMA**") Loan Market Association ("**LMA**") and Loan Syndications and Trading Associations ("**LSTA**").

The RBI Sustainable Deposit Framework provides a forward-looking framework concerning Sustainable Deposits, whereby the proceeds of Sustainable Deposits are to be exclusively applied to finance and/or re-finance, in part or in full, new and/or existing eligible sustainability-linked financial products with a positive ESG impact within RBI's core markets ("**Financial Products**"). Eligible sustainability-linked financial products are any type of loan, leasing instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) which incentivises the borrower's achievement of ambitious, predetermined sustainability performance objectives. Eligible sustainability-linked financial products also include investments in bonds that are in line with ICMA Sustainability-Linked Bond Principles.

The scope of this External Review concerns the Framework with respect to eligible sustainability-linked Financial Products, and does not concern the deposits made to RBI.

In order to provide this SPO, the External Reviewer reviewed relevant documents and held conversations with RBI management to understand the underlying qualifying activities and development of the sustainability-linked Financial Products as presented in the Lender's Framework, the internal procedures that have been established, and the sustainability strategy of RBI as a whole.

No opinion or assurance is provided regarding the financial performance of any Thematic Bond/Loans or the value of any investments in such Thematic Bond/Loans, or any asset deriving value from the Thematic Bond/Loans issued against the Framework. The External Reviewer's objective has been to provide an opinion as to whether the Framework aligns with the criteria described in the basis of opinion set out below.

Carbon Trust Second Party Opinion Statement

**Aligned to LMA,
APLMA and LSTA
Sustainability-Linked
Principles core
components
(March 2022)**

Based on the work we have undertaken, and the evidence provided by RBI, the External Reviewer believes that the Sustainable Deposit Framework is aligned to the requirements of the five core components of the Sustainability-Linked Loan Principles (March 2022), being:

- **KPIs**
- **Calibration of SPTs**
- **Loan Characteristics**
- **Reporting**
- **Verification**

This SPO Statement shall be read in the context of the 'Basis of the Second Party Opinion', the inherent limitations of the 'Procedures', the respective responsibilities of the parties to the 'Second Party Opinion Statement', and this statement's intended use.



Gina V Hall, Investment Director and Global Head of Sustainable Finance
Carbon Trust Assurance Limited



Carbon Trust Assurance Limited, London
Email: info@carbontrust.com

This Second Party Opinion Statement ("Opinion") is given by Carbon Trust Assurance Limited ("CTA") and is addressed solely to Raiffeisen Bank International AG ("RBI") in accordance with the terms of the engagement contract between us and Raiffeisen Bank International AG. Those terms permit disclosure to other parties solely for the purpose of enabling to Raiffeisen Bank International AG to show that it has obtained a second opinion as contemplated by ICMA's Sustainability Linked Loan Principles ("SLLP") in connection with RBI's Sustainable Deposit Framework. We have not considered the interest of any other party in the Opinion. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any other party for our work, for this statement or for the conclusions we have reached. CTA will not accept any form of liability for the substance of the Opinion and/or any liability for damage arising from the use of the Opinion and/or the information provided in it. As the Opinion is based on information made available by Raiffeisen Bank International AG, CTA does not warrant that the information presented in this Opinion is complete, accurate or up to date. Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability of investing in any securities or other investment products or any asset whose value is derived from any securities or other investment products. Any party other than RBI who obtains access to the Opinion or a copy thereof and chooses to rely on it will do so at its own risk. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of RBI or the underlying products to the Sustainable Deposit Framework. The Sustainable Deposit Framework and the performance of RBI and the underlying products to the Sustainable Deposit Framework is outside the scope of this engagement. We have consented to the inclusion of the Opinion (or an appropriate summary approved by CTA) via the Borrower's website. We reserve the right to withdraw such consent at any time.

No part of the Opinion may be reproduced, transmitted or published in any form or by any means without the prior written permission of CTA.

All rights reserved.

Key Findings of the External Review



This section presents a summary of the key results of the External Review concerning the Lender’s Framework, in respect of the specifications of the five core components¹ of the Sustainability-Linked Loan Principles (March 2022).

An overview of the Borrower and Sustainability Linked Loan can be found in the ‘Basis of the Second Party Opinion’, and the detailed External Review can be found in **Appendix 1: Detailed External Review in line with the Sustainability-Linked Loan Principles (March 2022)**.





For each core component, the charts in Table 1 express how each of the SLLP sub-criteria were scored, according to the key provided.





Table 1 Summary of External Review key findings on the alignment of the Framework with the Sustainability-Linked Loan Principles (March 2022) – core components

Key ■ *Meets and goes beyond requirements* ■ *Meets requirements* ■ *Does not meet requirements* ■ *Not relevant / applicable to the Lender and/or External Review* ▬ *Opportunity for enhancement*

SLLP core component	Component aspects ratings	External Review result summary
 Core component Selection of KPIs		<ul style="list-style-type: none"> RBI seeks to incentivise the borrower’s achievement of ambitious, predetermined sustainability performance objectives. RBI states that KPIs (defined by the borrower in line with their sustainability and business strategy) should be determined and set between the borrower and lender group for each transaction and defined within the corresponding loan agreement. RBI’s Sustainable Deposit Committee will ensure the ambitiousness, meaningfulness, and relevance of the KPIs so as to avoid non-credible KPIs. In doing so, RBI also emphasise that the KPIs should be measurable and quantifiable, to be reported at least once a year. RBI states that KPIs are to address relevant and core ESG challenges of the industry sector, and, where possible, compared to a benchmark or external reference. RBI outline that a clear definition of the KPIs should be provided and should include the applicable scope or parameters, as well as the calculation methodology, a definition of a baseline and be benchmarked against an industry standard where feasible. The Framework outlines potential metrics or KPIs on how they seek to improve the borrower’s sustainability profile over the term of the loan.

¹The five Core components of the SLLP are: Selection of KPIs, Calibration of SPTs, Loan Characteristics, Reporting and Verification

		<p>In the External Reviewer’s opinion, the Lender’s approach to eligible sustainability-linked Financial Products for Borrowers’ selection of KPIs is aligned to the requirements of the SLLP Principle One – Selection of KPIs</p>
 <p>Core component Calibration of SPTs</p>		<ul style="list-style-type: none"> • RBI’s Framework states that the SPTs should be set in good faith and determined on a predefined timeline. • RBI encourages Borrowers to set SPTs around external benchmarks such as peers, science-based and/or international targets. By setting such a standard, it encourages SPTs to be set beyond ‘Business as Usual’ trajectories. • RBI’s Framework encourages SPTs to be consistent with the borrower’s overall sustainability strategy. • All sustainability-linked financial products go through a standard RBI credit process where the negotiation and set-up of SPTs for each transaction are set, including pre-defined timelines and specifics of each transaction. The specifics are assumed to include improvement performance levels. • RBI makes clear reference to the frequency of the review of SPT achievement (overachieving, achieving, underachieving) via their annual Sustainable Deposits Allocation and Impact report. • In reference to disclosures, RBI’s Department of Sustainable Finance oversees collecting and monitoring all data for the Sustainable Deposit evaluation and selection process as well as for the management of the eligible portfolio and therefore approves the allocation and impact reporting. • RBI’s Framework states that KPIs for all three eligible categories should be determined and set between the borrower and lender group for each transaction and defined within the corresponding loan agreement. As part of this transaction agreement, borrowers must disclose any key factors and/or risks that could potentially affect the achievement of the SPTs. • RBI’s Sustainable Deposit Committee (SDC) is to meet quarterly until full allocation or in case of material changes in the portfolio and reviews the products Register. <p>In the External Reviewer’s opinion, the Lender’s approach to eligible sustainability-linked Financial Products for Borrower calibration of SPTs is aligned to the requirements of the SLLP Principle Two – Calibration of SPTs</p>
 <p>Core component</p>		<ul style="list-style-type: none"> • The Lender’s eligible sustainability-linked financial products, of which sustainability-linked loans are included, are subject to the Lender’s standard credit process in line with the normal course of business. In the first stage of the selection process of eligible sustainability-linked financial products is the Regular Credit Process in which there is a negotiation, setting up of the SPTs and/ or KPIs between the borrower

<p>Loan Characteristics</p>		<p>and lender group for each transaction, and their definition within the corresponding loan agreements.</p> <ul style="list-style-type: none"> The Lenders Framework states that for every KPI-linked financial product, RBI will use one of three options of economic incentive scheme that is tailored-made to financial customer preference. <p>In the External Reviewer’s opinion, the Lender’s approach to eligible sustainability-linked Financial Products characteristics is aligned to the requirements of the SLLP Principle Three – Loan Characteristics</p>
<p>Core component Reporting</p> 		<ul style="list-style-type: none"> RBI’s Framework states, within all three Eligible Categories, that the borrowers should, where possible and at least once per annum, provide the lenders participating in the loan with up-to-date information sufficient to allow them to monitor the performance of the SPTs. RBI’s Department of Sustainable Finance will evaluate the eligible sustainability-linked transactions and assess the ambitiousness, meaningfulness, and relevance of the KPIs. When and where appropriate, RBI encourages borrowers to publicly disclose and report any data or information relating to their SPTs (for example in annual reports or sustainability reports). As part of the reporting process, borrowers should provide details of any underlying methodology of SPT calculations and/or assumptions to RBI. <p>In the External Reviewer’s opinion, the Lender’s approach to eligible sustainability-linked Financial Products for Borrowers’ reporting is aligned to the requirements of the SLLP Principle Four – Reporting</p>
<p>Core component Verification</p> 		<ul style="list-style-type: none"> RBI’s Framework states, within the eligible categories (1) ESG KPI linked and (2) EU Taxonomy linked, that the borrowers must obtain independent and external verification of the borrower’s performance level against each SPT for each KPI at least once a year. With regards to the (3) ESG Rating linked, RBI will require an ESG Rating from a reputable provider. The performance of the SPTs will be disclosed in the RBI Sustainable Deposits Allocation and Impact report that will be made available on RBI’s website. RBI is expected to disclose, on an aggregated level, a description of the eligible sustainability-linked financial products portfolio, including details such as the status of SPT achievement (overachieving, achieving, underachieving) for eligible sustainability-linked financial products. <p>In the External Reviewer’s opinion, the Lender’s approach to eligible sustainability-linked Financial Products for Borrowers’ verification is aligned to the requirements of the SLLP Principle Five – Verification</p>

Basis of the Second Party Opinion

Purpose of the External Review and this Report

Context

1.1.1. About the Borrower

Sustainability has always been a fundamental principle for RBI and a measure of corporate success, understanding sustainability to mean responsible corporate activities for a long-term, economically positive result in consideration of key societal and environmental aspects. RBI have formulated sustainability guiding principles, “We create sustainable value”, which serve as a guide for all transactions, activities and services offered by RBI or on its behalf. Sustainability is a core pillar of RBI’s Mission & Vision 2025: seeking to promote efforts into the holistic integration of Responsible Banking into core business activities, and efforts into environmentally and socially responsible banking operations across RBI.

1.1.2. About the Sustainable Deposit Framework

RBI’s Sustainable Deposit Framework seeks to promote new sustainability-linked financial products across its network banks and at Head Office. RBI will use an amount equivalent to the Sustainable Deposit proceeds to finance and/or re-finance, in part or in full, new and/or existing eligible sustainability-linked financial products with a positive ESG impact within RBI’s core markets.

RBI’s Sustainable Deposit Framework defines eligible sustainability-linked Financial Products as any type of loan, bond, leasing instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) which incentivises the borrower’s achievement of ambitious, predetermined sustainability performance objectives.

The Framework outlines that the eligible sustainability-linked Financial Products must fall within three eligible categories:

1. ESG KPI linked financial products,
2. EU Taxonomy linked financial products, and/or
3. ESG Rating linked financial products.

RBI has a strict exclusion list in terms of asset evaluation and selection. RBI will not allocate Sustainable Deposit proceeds to finance and/or re-finance sustainability-linked financial products for companies operating in the following sectors: defence and weapons, nuclear energy, fossil fuel energy, mining, alcohol, tobacco, and gambling. Moreover, due to the geopolitical situation, Russia, Belarus, and Ukraine (Donbas, South-east region) transactions are currently out of scope of the Framework.

With respect to the Lender’s Financial Products, the relevant borrower’s sustainability performance is measured using predefined sustainability performance targets (SPTs), as measured by predefined key performance indicators (KPIs), which may comprise or include external ratings and/or equivalent metrics, and which measure improvements in the borrower’s sustainability profile.

1.1.3. About the External Review

The Lender has appointed Carbon Trust Assurance, as a suitably qualified and experienced independent external review service provider, to perform an External Review and provide a Second Party Opinion regarding the Lender’s Framework and alignment with the LMA, APLMA and LSTA Sustainability-Linked Loan Principles (March 2022) (SLLP).

The SLLP are a set of voluntary process guidelines for issuing Sustainability-Linked Loans that “enables lenders to incentivise the sustainability performance of the borrower”. The External Reviewer’s role concerning the Lender’s Sustainable Deposit Framework has been to undertake a pre-signing external review as identified in SLLP (March 2022), and to provide a Second Party Opinion as contemplated in ICMA ‘Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews’ (February 2021) in so far as these guidelines are appropriate for loans.

RBI’s eligible sustainability Financial Products also include investments in bonds that are in line with ICMA Sustainability-Linked Bond Principles (SLBP, June 2020). In this regard, we understand that RBI are not issuing or structuring bonds and will presumably only invest in bonds which have an SPO that indicates its SLBP alignment. Therefore, no action is required from the External Reviewer in regards to the ICMA SLBP review.

Basic Information

Lender name: Raiffeisen Bank International (RBI)

Lender Sustainability-Linked Framework Name: Sustainable Deposit Framework

Instrument reference: N/A

Sustainability standard applicable: LMA, APLMA and LSTA *Sustainability-Linked Loan Principles, Supporting environmentally and socially sustainable economic activity* (March 2022)

Role of Independent External Review Service Provider

<input checked="" type="checkbox"/>	Second Party Opinion / Consultant Review	<input type="checkbox"/>	Certification
<input type="checkbox"/>	Verification	<input type="checkbox"/>	Scoring / Rating
<input type="checkbox"/>	Other (please specify):		

Timing

<input checked="" type="checkbox"/>	Pre-signing / pre-issuance external review	<input type="checkbox"/>	Post-signing annual verification
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Scope of Review

The review assessed the following elements and confirmed their alignment with the SLBP:

<input checked="" type="checkbox"/>	Selection of KPIs	<input checked="" type="checkbox"/>	Calibration of KPIs
<input checked="" type="checkbox"/>	Loan Characteristics	<input checked="" type="checkbox"/>	Reporting

<input checked="" type="checkbox"/>	Verification
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Publication of the External Review

The Lender has committed that the full version of the Report and Second Party Opinion will be made available to all institutions participating in the sustainability-linked Financial Products, on request.

Furthermore, the Second Opinion can be found at www.rbinternational.com.

Applicable Standards Concerning the External Review

LMA, APLMA and LSTA Sustainability-Linked Loan Principles (March 2022)

The SLLP is a set of recommended voluntary process guidelines for sustainability linked loans to be applied on a deal-by-deal basis; a sustainability linked loan being “any type of loan instruments and/or contingent facilities [...] which incentivise the borrower’s achievement of ambitious, predetermined sustainability performance objectives”, with the characteristics based on the five core components of the Sustainability-Linked Loan Principles.

The SLLP is comprised of five core components. It is against these, that the Carbon Trust has reviewed the alignment of the Lender Framework and related supporting documentation.

Management Responsibilities

RBI management is responsible for the following “**Procedures**”:

- Defining its objectives, strategy, policy and/or governance and management processes relating to environmental sustainability.
- Maintaining suitable processes for identifying and managing environmental and social risks and impacts of operations, projects and/or assets.
- Designing, implementing, and maintaining internal controls relevant to the preparation, execution, and management of the sustainability-linked Financial Products.
- Selecting and defining appropriate KPIs which align with the sustainability-linked Financial Products’ terms, measuring pertinent sustainability performance and obtaining independent and external verification of pertinent sustainability performance.
- Calibrating sustainability-linked Financial Products’ SPTs per KPI through the application of appropriate methodologies.
- Providing sufficient data to external review providers concerning the selection of sustainability-linked Financial Products KPIs and calibration of SPTs, including assumption and calculations methodologies.
- Maintaining suitable processes for identifying and managing environmental and social risks associated with the sustainability-linked Financial Products’ selected KPIs and SPTs, and the strategies to achieve the SPTs.

- Implementing and maintaining governance, management, and operational processes to achieve the SPTs and the terms set out in the sustainability-linked Financial Products' indicative term sheets and agreements.
- Maintaining continued alignment between the sustainability-linked Financial Products and the ongoing requirements of the respective SLLP and SLBP principles and criteria, as applicable.

External Reviewer Responsibility

The External Reviewer's responsibility is to plan and perform work to form an independent opinion on whether the Sustainable Deposit Framework and relevant supporting documentation has been prepared in alignment with the respective requirements of the five core components of the SLLP, as described in the 'Basis of the Second Party Opinion', and to report to the Lender in the form of a 'Second Party Opinion' based on the work undertaken and the evidence obtained.

The Second Party Opinion is based on information provided to us by RBI and we have relied on the accuracy of that information. Our work does not include an audit or other verification that the information provided by RBI is correct or accurate.

The External Reviewer has not performed any work and does not express any conclusion regarding the ongoing effectiveness of the application of the Procedures.

Assurance Standards

The type of External Review undertaken is a Second Party Opinion as identified in the SLLP. The Carbon Trust's services are aligned to the ICMA '*Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews*' (February 2021), and has considered the LMA, APLMA and LSTA '*Guidance on Sustainability-Linked Loan Principles*' (March 2022). The External Reviewer has considered these to confirm alignment of the Sustainability-Linked Loan with the five core components of the SLLP, as set out in the 'Basis of the Second Party Opinion'.

The Second Party Opinion concerns the Lender's Sustainable Deposit Framework and the sustainability-linked Financial Products. The External Reviewer has considered these to confirm alignment with the five core components of the SLLP, as set out in the 'Basis of the Second Party Opinion'.

The External Reviewer has worked in accordance with its assurance methodology which is based on the International Standard on Assurance Engagements 3000 ("**ISAE 3000**") (Revised), **noting that this Second Party Opinion is not an assurance opinion in accordance with ISAE 3000 (Revised)**.

The External Reviewer's Competence and Independence

Who we are

The Carbon Trust is a trusted, expert guide to Net Zero, bringing purpose led, vital expertise from the climate change frontline. We have been pioneering decarbonisation for more than 20 years for businesses, governments and organisations around the world.

We draw on the experience of over 300 experts internationally, accelerating progress and providing solutions to this existential crisis. We have supported over 3,000 organisations in 50 countries with their

climate action planning, collaborating with 150+ partners in setting science-based targets, and supporting cities across five continents on the journey to Net Zero.

Independence and conflict of interest policy

We, the Carbon Trust, maintain our independence from our clients and objectivity with regards to engagements, by maintaining and adhering to appropriate governance processes that reflect industry best practice for assurance and independent review services. We evaluate potential conflicts and threats to our independence and objectivity, introduce suitable mitigants where these are relevant, and represent to the Lender concerning these issues.

Our commitment to impartiality and quality assurance is established in policies, procedures, and management structure and reflect international standards for quality management. As a result, the conclusions in this report reflect an impartial undertaking of the scope of the engagement.

The outcome of all verification and certification assessments is internally reviewed by senior management to ensure that the approach is rigorous and transparent. We have undertaken this independent External Review guided by the fundamental ethical and professional principles of integrity, objectivity, professional competence, due care, appropriate confidentiality, and professional behaviour throughout.

Competence and credentials

The Carbon Trust is a leader in the evaluation and certification of sustainability and environmental frameworks, practices, performance, and projects, providing an independent point of view to help on the decision-making in connection with thematic loans and bonds. The Carbon Trust is a leading provider of assurance and verification concerning thematic bonds, loans and other thematic financial instruments, in line with accepted international standards.

The Carbon Trust is an Observer to the ICMA Principles approved by the Secretariat as contemplated in the Governing framework Section 4.2 (<https://www.icmagroup.org/green-social-and-sustainability-bonds/governance-framework/>) and provides regular inputs to updates and other matters put to public comment by ICMA with regards the Principles. Since October 2020, the Carbon Trust has been nominated to sit on the ICMA GBP and Social Bond Principles (SBP) Advisory Council.

The Carbon Trust evaluates its competency and suitability to perform the External Review given the objective, scope of the work and the particulars of the thematic financial instrument and eligible assets and projects. The Carbon Trust ensures the selection of appropriate professionals to carry out the work in order to give this Second Party Opinion Statement, based on their qualifications, training and experience. This includes the combination of multidisciplinary teams as appropriate, including team members with suitable financial expertise and environmental and sustainability expertise as required.

External Review procedures

The Carbon Trust planned and performed the work to obtain all the information and explanations considered necessary to provide a basis for its Opinion. The Carbon Trust's work included, but was not restricted to, the following activities:

- Reviewing the Lender’s positioning of the related documents and information in context of overarching objectives, strategy, policy, and other processes relating to environmental, social and sustainability matters as relevant.
- Evaluating the Sustainable Deposit Framework and supporting documentation and procedures against the respective five core components of the SLLP (March 2022) and SLBP (June 2020), including the selection of KPIs, setting of SPTs and the proposed management, reporting, tracking and verification of performance against the targets in respect of sustainability-linked Financial Products.
- Reviewing the Lender’s processes to identify and manage environmental and social risks and impacts, and manage risk mitigants effectively, including through exclusion criteria.
- Reviewing relevant internal procedures implemented by the Lender in relation sustainability-linked Financial Products and assessing the suitability of the procedures.
- Interviewing relevant personnel of the Lender to understand the key related processes, systems, controls, both current and committed, and related documentation.
- Preparation and revision of the Second Party Opinion report, incorporating the findings, conclusions and relevant information gathered during the evaluation process.

Relevant documentation

Lender documentation

The following information and documents, provided by the Lender, have been reviewed to form the basis of the SPO (the “Lender Documentation”):

- > RBI Sustainable Deposit Framework (July 2022)

Other documentation

- > LMA, APLMA and LSTA ‘Sustainability-Linked Loan Principles, Supporting environmentally and socially sustainable economic activity’ (March 2022)
- > LMA, APLMA and LSTA ‘Guidance on Sustainability-Linked Loan Principles’ (March 2022)
- > ICMA ‘Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews’ (February 2021)

Limitations of the External Review

Given that our External Review work (in relation to the scope) was undertaken at pre-signing / pre-issuance stage, our procedures have been confined to the reviewer activities set out in this document and did not evaluate the Lender’s performance in terms of the Framework, the continued effectiveness of the Lender’s procedures or individual sustainability-linked Financial Products. We did not perform assessments on data and information beyond the defined scope and reviewer activities as defined in this Report.

The Second Party Opinion is based on information provided to us by RBI and we have relied on the accuracy of that information. Our work does not include an audit or other verification that the information

provided by RBI is correct or accurate. The Carbon Trust has not conducted an assurance exercise on the baseline data which has been provided by the Borrower.

The External Reviewer has not performed any work and does not express any conclusion regarding the effectiveness of management functions with regard to the Sustainability-Linked Loan Products.

The Second Party Opinion Statement is based on information and data available, and the results of our assessment carried out on or before 19th of August 2022, and no further information and data subsequent to that date was considered or further assessment carried out.

Distribution and Intended Use

This Report and Second Party Opinion Statement is made solely to the Lender in accordance with the terms of engagement, which include agreed arrangements for disclosure. The work was undertaken by the External Reviewer so as to state to the Lender those matters contained in this Report and for no other purpose. The Report should not be regarded as suitable to be used or relied on by any party other than the Lender for any purpose or in any context. Any party other than the Lender who chooses to rely on the report (or any part thereof) will do so at its own risk. To the fullest extent permitted by the law, the External Reviewer accepts or assumes no responsibility or liability to any party other than the Lender for this Report.

Appendix 1: Detailed External Review in line with the Sustainability-Linked Loan Principles (March 2022)




Set out below are our component specific findings and statements in relation to each of the five SLLP core components, as they relate to Sustainability- Linked Loans.





1.1. Principle One – Selection of KPIs

1.1.1. Detailed review of Sustainability-Linked Loan alignment to SLLP (March 2022) Principle One – Selection of KPIs

Key ■ Meets and goes beyond requirements ■ Meets requirements ■ Does not meet requirements ■ Not relevant / applicable to the Lender and/or External Review ■ Opportunity for enhancement

SLLP (March 2022) specification	Carbon Trust comment	Assessment result
<p>Sustainability-linked loans look to improve the borrower’s sustainability profile over the term of the loan</p>	<p>The Lender targets to stimulate the origination of new sustainability-linked Financial Products across its network banks and at Head Office. In doing so, the Lender will use an amount equivalent to the Sustainable Deposit proceeds to finance and/or re-finance, in part or in full, new and/or existing eligible sustainability-linked Financial Products with a positive ESG impact within their core markets. The Lender seeks to incentivise the borrower’s achievement of ambitious, predetermined sustainability performance objectives.</p> <p>The Framework outlines potential metrics or KPIs on how they seek to improve the borrower’s sustainability profile over the term of the loan.</p>	<div style="width: 20px; height: 20px; background-color: green; margin: 0 auto;"></div>
<p>They do so by aligning loan terms to the borrower’s performance measured using one or more sustainability KPI</p>	<p>Within the Lender’s Framework, the eligible sustainability-linked Financial Products are categorised in Table 1: <i>Overview of the Eligible Categories for sustainability-linked financial products</i>. There are three Eligible Categories: (1) ESG KPI linked financial products, (2) EU Taxonomy linked financial products, (3) ESG Rating</p>	<div style="width: 20px; height: 20px; background-color: green; margin: 0 auto;"></div>

	<p>linked financial products. Each category states that these should be determined and set between the borrower and lender group for each transaction and defined within the corresponding loan agreement.</p> <p>To guarantee this, the Lender’s Framework outlines that it is the responsibility of the Sustainable Deposit Committee (part of the RBI Group Asset-Liability Committee and represents an extension of its management team) to be evaluating the adherence of the underlying structural components to the LMA SLLP and existing market standards, in case of a loan transaction, as well as the adherence of the structural components to market standards, in case of a product other than a bond or loan transaction.</p>	
<p>It is important to the success of this instrument to avoid the proliferation of KPIs that are not credible</p>	<p>The Lender’s Framework states that, to avoid the proliferation of KPIs that are not credible, it is important that KPIs are ambitious in terms of representing a material improvement, are regularly monitored, and are compared to a benchmark or external reference. To guarantee this, the Lender’s Framework outlines that it is the responsibility of the Sustainable Deposit Committee (part of the RBI Group Asset-Liability Committee and represents an extension of its management team) to be checking the ambitiousness, meaningfulness, and relevance of the KPIs and related SPTs in case of a KPI-linked transaction.</p> <p>Moreover, the nature of the eligible categories for the sustainability linked Financial Products (ESG KPI linked, EU Taxonomy linked, and ESG Rating linked) encourages ambitious and credible KPIs.</p>	
<p>The KPIs should be material to the borrower’s core sustainability and business strategy</p>	<p>The Lender’s Framework states that the KPIs should be material to the borrower’s core sustainability and business strategy.</p>	
<p>The KPIs should address relevant environmental, social and/or governance (ESG) challenges of the industry sector</p>	<p>The Lender’s Framework states that the KPIs should address relevant and core environmental, social and/or governance (ESG) challenges of the industry sector.</p>	

<p>The KPIs should be relevant, core and material to the borrower’s overall business, and of high strategic significance to the borrower’s current and/or future operations</p>	<p>The Lender’s Framework states that the KPIs should be material to the borrower’s core sustainability and business strategy. The Framework also states that the KPIs should have high strategic significance to the borrower’s current and/or future operations</p>			
<p>The KPIs should be measurable or quantifiable on a consistent methodological basis</p>	<p>The Lender’s Framework states that is important that the KPIs should be measurable and quantifiable. Within Table 1 of the Lender’s Framework, the Lender states that the borrowers should, where possible and at least once per annum – <i>encouraging that they be measured on a consistent methodological basis</i> – provide the lenders participating in the loan with up-to-date information sufficient to allow them to monitor the performance of the Sustainability Performance Targets. The Lender also outlines that the scope and frequency of the reporting should be defined within the corresponding loan agreement.</p>			
<p>The KPIs should be able to be benchmarked, i.e., as much as possible using an external reference or definitions to facilitate the assessment of the SPT’s level of ambition</p>	<p>The Lender’s Framework states the importance that the KPIs be measurable and quantifiable – and, that the KPIs should be regularly monitored and, where possible, compared to a benchmark or an external reference.</p>			
<p>A clear definition of the KPI(s) should be provided and should include all specified elements.</p>	<p>The Lender’s Framework is set around having three eligible categories for the KPI’s: (1) ESG KPI linked financial products, (2) EU Taxonomy linked financial products, and (3) ESG Rating linked financial products. Meaning that the borrower must align to either one of these methodologies.</p> <p>The Lender’s framework states that each KPI definition should include the following:</p> <table border="1" data-bbox="539 1326 1545 1410"> <tr> <td data-bbox="539 1326 696 1410"> <input checked="" type="checkbox"/> </td> <td data-bbox="696 1326 1545 1410"> The applicable scope or perimeter </td> </tr> </table>	<input checked="" type="checkbox"/>	The applicable scope or perimeter	
<input checked="" type="checkbox"/>	The applicable scope or perimeter			

	<input checked="" type="checkbox"/>	The calculation methodology		
	<input checked="" type="checkbox"/>	A definition of a baseline		
	<input checked="" type="checkbox"/>	Be benchmarked against an industry standard where feasible		

1.1.2. Detailed review result




<p>Aligned to SLLP (March 2022) Principle One – Selection of KPIs</p>	<p>In the External Reviewer’s opinion, the Lender’s approach to eligible sustainability-linked Financial Products for Borrowers’ selection of KPIs is aligned to the requirements of the SLLP Principle One – Selection of KPIs.</p>
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1.2. Principle Two – Calibration of SPTs




1.2.1. Detailed review of Sustainability-Linked Loan alignment to SLLP (March 2022) Principle Two – Calibration of SPTs


Key ■ *Meets and goes beyond requirements* ■ *Meets requirements* ■ *Does not meet requirements* ■ *Not relevant / applicable to the Lender and/or External Review* ■ *Opportunity for enhancement*




SLLP (March 2022) specification	Carbon Trust comment	Assessment result
The SPTs should be set in good faith	The Lender’s Framework mentions that the SPTs set by the borrower need to be set in good faith.	■
The SPTs should remain relevant (so long as they apply) throughout the life of the loan	The Lender’s Framework mentions that the SPTs set by the borrower are to remain relevant during the entire duration/lifecycle of the loan as they are to be determined on a predefined timeline, set before or concurrently with the origination of the loan.	■
The SPTs should represent a material improvement in the respective KPIs and be beyond a “Business as Usual” trajectory	The Lender’s Framework states that the Borrower’s SPTs must demonstrate improvement over time compared to recent performance levels. The Framework suggests that it is preferable to set SPTs around external benchmarks such as peers and science or international targets such as the Paris Agreement on Climate Change or UN Sustainable Development Goals. Given the nature of these ambitious targets, the Reviewer therefore understands that these imply a <i>‘beyond the business as usual’</i> trajectory. In addition, the Framework mentions that the KPIs should be material to the borrower’s core sustainability and business strategy and address relevant and core environmental, social and/or governance (ESG) challenges of the industry sector. This also indicates that the KPIs should be ambitious in terms of representing a material improvement in these areas and, where possible, compared to a benchmark or an external reference, as the SPTs.	■
The SPTs should, where possible, be compared to a benchmark or an external reference	The Lender’s Framework states, within all three Eligible Categories, that it is preferred to have external benchmarks (peers and reference to science or international targets such as the Paris Agreement on Climate Change or UN Sustainable Development Goals) when setting the SPTs.	■


<p>The SPTs should be consistent with the borrower’s overall sustainability / ESG strategy</p>	<p>The Lender’s Framework mentions that the SPTs are to be consistent with the borrower’s overall sustainability strategy. This will be assessed and agreed as the SPTs will be determined and set between both parties for each transaction and defined within the corresponding loan agreement.</p>	
<p>The SPTs should be determined on a predefined timeline, set before or concurrently with the origination of the loan</p>	<p>The Lender’s Framework mentions that all sustainability linked Financial Products go through a credit process where the negotiation and set up of SPTs for each transaction are set. The Framework also states that the SPTs are to be determined on a predefined timeline, set before or concurrently with origination of the loan.</p>	
<p>Targets should be based on recent performance levels and be based on a combination of benchmarking approaches:</p> <p>1. The borrower’s own performance over time, for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended; and</p> <p>2. The borrower’s peers, i.e. the SPT’s relative positioning versus its peers’ where available</p>	<p>1: The Lender’s Framework states that the SPTs must demonstrate an improvement over time compared to recent performance levels.</p> <p>2: The Lender’s Framework states that it is preferred to have external benchmarks such as peers to demonstrate improvement.</p> <p>3: The Lender’s Framework states that it is preferred to have external benchmarks such as reference to science or international targets such as the Paris Agreement on Climate Change or UN Sustainable Development Goals for setting the level of ambition of the SPTs.</p>	

<p>(average performance, best in class performance) and comparable, <u>or</u> versus current industry or sector standards; and/or</p> <p>3. Reference to the science, i.e. systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets), <u>or</u> to official country/ regional/ international targets (Paris Agreement on Climate Change and net zero goals, Sustainable Development Goals, etc.) <u>or</u> to recognised best-available-technologies or other proxies to determine relevant targets across ESG themes</p>		
<p>Disclosures on target setting should make clear reference to the timelines for the target achievement, including the target observation date(s)/ period(s), the</p>	<p>RBI has the ambition to publish an annual Sustainable Deposits Allocation and Impact report on the use of proceeds from Sustainable Deposits outstanding under this Framework and aim to disclose details on the portfolio, including the status of SPTs achievement (overachieving, achieving, underachieving) for eligible sustainability linked financial products.</p>	

<p>trigger event(s) and the frequency of review of the SPTs</p>		
<p>Disclosures on target setting should make clear reference to, where relevant, the verified baseline or science-based reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used (including date/period)</p>	<p>The Lender’s Framework states that it is preferred to have external benchmarks such as reference to science or international targets such as the Paris Agreement on Climate Change or UN Sustainable Development Goals for setting the level of ambition of the SPTs. Additionally, given the nature of three categories (KPI linked, EU Taxonomy linked, and ESG rating linked), we can safely assume that the KPIs would be Paris Aligned.</p> <p>Additionally, the Lender’s Framework outlines that all disclosures on target setting are to make clear reference to, where relevant, the verified baseline or science-based reference point selected for improvement of KPIs as well as rational for that baseline or reference point to be used (including date or/and period).</p>	
<p>Disclosures on target setting should make clear reference to where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place</p>	<p>The Lender’s Framework states that disclosures on target setting are to make clear reference to where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place and are referred to any other any other key factors beyond the borrower’s direct control that may affect the achievement of the SPTs.</p>	
<p>Disclosures on target setting should make clear reference to, where possible and taking</p>	<p>The Lender’s Framework states that borrowers are encouraged to publicly report information relating to their SPTs and this information will often be included in a borrower’s integrated annual report or sustainability report.</p> <p>Within all three eligible categories, the Lender emphasizes that the SPTs must demonstrate an improvement over time compared to recent performance levels and that the borrowers should provide the lenders participating in the loan with up-to-date information sufficient to allow them to monitor the performance of the SPTs.</p>	

<p>competition and confidentiality considerations into account, how the borrower intends to reach such SPTs, e.g. by describing its ESG strategy, supporting ESG governance and investments, and its operating strategy, i.e. through highlighting the key levers/ type of actions that are expected to drive the performance towards the SPTs as well as their expected respective contribution, in quantitative terms wherever possible</p>	<p>Moreover, the Lender encourages a clear definition of the SPTs, including the applicable scope or parameters, as well as the calculation methodology, a definition of a baseline – this allows for a better understand on how the borrower intends to reach such SPTs, which are set in line with the borrower’s sustainability strategy.</p>	
<p>Disclosures on target setting should make clear reference to any other key factors beyond the borrower’s direct control that may affect the achievement of the SPTs</p>	<p>The Lender’s Framework mentions that target disclosure, if relevant, will refer to any other key factors beyond the borrower’s direct control that may affect the achievement of the SPTs. The Framework also mentions that, post-signing, in case of any material change to perimeter/ KPI methodology and/or SPT(s) calibration, borrowers are encouraged to ask external reviewers to assess any of these changes.</p>	

<p>Appropriate KPIs and SPTs should be determined and set between the borrower and lender group for each transaction</p>	<p>The Lender’s Framework states that KPIs for all three eligible categories should be determined and set between the borrower and lender group for each transaction and defined within the corresponding loan agreement.</p>	
<p>A borrower may elect to arrange its sustainability-linked loan product with the assistance of one or more “Sustainability Coordinator(s)” or “Sustainability Structuring Agent(s)” and, where appointed, they will assist with negotiating the KPIs and calibrating the SPTs with the borrower</p>	<p>Optional and therefore not required.</p>	
<p>Post-signing, in case of any material change to perimeter/ KPI methodology/ SPT(s) calibration, borrowers are encouraged to ask external reviewers to</p>	<p>The Lender’s Framework mentions that, post-signing, in case of any material change to perimeter/ KPI methodology and/or SPT(s) calibration, borrowers are encouraged to ask external reviewers to assess any of these changes.</p> <p>There is also evidence of a Sustainable Deposit Committee (SDC) to meet quarterly until full allocation or in case of material changes in the portfolio and reviews the eligible sustainability-linked Financial Products Register.</p>	

<p>assess any of these changes</p>		
<p><u>In cases where no external input is sought, it is strongly recommended that the borrower demonstrates or develops the internal expertise to verify its methodologies. Borrowers are recommended to thoroughly document any such expertise, including the related internal processes and expertise of their staff. This documentation should be provided to lenders.</u></p>	<p>This principle does not apply, as RBI state that borrowers must obtain independent and external verification of the borrower’s performance level against each SPT for each KPI (for example, limited or reasonable assurance or audit by a qualified external reviewer with relevant expertise, such as an auditor, environmental consultant and/or independent ratings agency), at least once a year. Therefore, there will be no <u>cases where no external input is sought</u>.</p>	

1.2.2. Detailed review result

<p>Aligned to SLLP (March 2022)</p> <p>Principle Two – Calibration of SPTs</p>	<p>In the External Reviewer’s opinion, the Lender approach to calibration of SPTs with Borrower is aligned to the requirements of the SLLP Principle Two – Calibration of SPTs.</p>
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1.3. Principle Three – Loan Characteristics

1.3.1. Detailed review of Sustainability-Linked Loan alignment to SLLP (March 2022) Principle Three – Loan Characteristics

Key ■ *Meets and goes beyond requirements* ■ *Meets requirements* ■ *Does not meet requirements* ■ *Not relevant / applicable to the Lender and/or External Review* ▬ *Opportunity for enhancement*

SLLP (March 2022) specification	Carbon Trust comment	Assessment result
<p>A key characteristic of a sustainability-linked loan is that an economic outcome is linked to whether the selected predefined SPT(s) are met</p>	<p>The aim of the Framework is to facilitate and support environmentally and socially sustainable economic activity and growth. The Lender’s eligible sustainability-linked Financial Products, of which sustainability linked loans are included, are subject to the Lender’s standard credit process in line with the normal course of business. In the first stage of the selection process of eligible sustainability-linked Financial Products is the Regular Credit Process in which there is a negotiation, setting up of the SPTs and/ or KPIs between the borrower and lender group for each transaction, and their definition within the corresponding loan agreements. This is evidence that a key characteristic of the credit process is the definition of the SPTs and KPIs.</p> <p>The Lender’s Framework states that for every KPI-linked financial product, RBI will use one of three options of economic incentive scheme that is tailored-made to financial customer preference. The margin adjustment detail for each of the three options can be found in the Lender’s Framework.</p>	<div style="background-color: green; width: 20px; height: 20px; margin: 0 auto;"></div>

1.3.2. Detailed review result



<p>Aligned to SLLP (March 2022)</p> <p>Principle Three – Loan Characteristics</p>	<p>In the External Reviewer’s opinion, the Sustainability-Linked Product characteristics are aligned to the requirements of the SLLP Principle Three – Loan characteristics.</p>
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1.4. Principle Four – Reporting

1.4.1. Detailed review of Sustainability-Linked Loan alignment to SLLP (March 2022) Principle Four – Reporting

Key ■ *Meets and goes beyond requirements* ■ *Meets requirements* ■ *Does not meet requirements* ■ *Not relevant / applicable to the Lender and/or External Review* ▬ *Opportunity for enhancement*

SLLP (March 2022) specification	Carbon Trust comment	Assessment result
Borrowers should, where possible and at least once per annum, provide the lenders participating in the loan with up-to-date information	The Lender’s Framework states, within all three Eligible Categories, that the borrowers should, where possible and at least once per annum , provide the lenders participating in the loan with up-to-date information sufficient to allow them to monitor the performance of the SPTs. Additionally, that the scope and frequency of the reporting will be defined within the corresponding loan agreement.	■
The information should be sufficient to allow the lender to monitor the performance of the SPTs and to determine that the SPTs remain ambitious and relevant to the borrower’s business	The Lender’s Framework states, within all three Eligible Categories, that the borrowers should, where possible and at least once per annum, provide the lenders participating in the loan with up-to-date information sufficient to allow them to monitor the performance of the SPTs. Moreover, the Lender’s Department of Sustainable Finance will evaluate the eligible sustainability linked transactions and checking the ambitiousness, meaningfulness, and relevance of the KPIs and related SPTs in case of a KPI-linked transaction.	■
As transparency is of particular value in this market, borrowers should be encouraged to publicly report information relating to their SPTs and this information will often be included in a	The Lender’s Framework mentions that, as transparency is important for ESG washing prevention, borrowers are encouraged to publicly report information relating to their SPTs and this information will often be included in a borrower’s integrated annual report or sustainability report. In terms of reporting publicly, the Lender also recommends to borrowers that the verification of the performance against the SPTs is made publicly available where appropriate.	■

borrower's integrated annual report or sustainability report		
However, this will not always be the case and, where appropriate, a borrower may choose to share this information privately with the lenders rather than making this publicly available	<p>The Lender's Framework states, within all three Eligible Categories, that the borrowers should, where possible and at least once per annum, provide the lenders participating in the loan with up-to-date information sufficient to allow them to monitor the performance of the SPTs. This is evidence of requesting borrowers to share this information privately.</p>	
Borrowers are also encouraged to provide details of any underlying methodology of SPT calculations and/or assumptions when reporting to lenders and/or publicly	<p>The Lender's Framework states that a clear definition of the SPT(s) should be provided and should include the applicable scope or parameters, as well as the calculation methodology, a definition of a baseline and be benchmarked against an industry standard where feasible.</p> <p>In terms of reporting publicly, the Lender also recommends to borrowers that the verification of the performance against the SPTs is made publicly available where appropriate.</p>	

1.4.2. Detailed review result


Aligned to SLLP (March 2022) Principle Four – Reporting	In the External Reviewer's opinion, the Lender's approach to Borrower's reporting is aligned to the requirements of the SLLP Principle Four – Reporting.
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1.5. Principle Five - Verification

1.5.1. Detailed review of Sustainability-Linked Loan alignment to SLLP (March 2022) Principle Five – Verification

Key ■ Meets and goes beyond requirements ■ Meets requirements ■ Does not meet requirements ■ Not relevant / applicable to the Lender and/or External Review ▬ Opportunity for enhancement

SLLP (March 2022) specification	Carbon Trust comment	Assessment result
<p>Borrowers must obtain independent and external verification of the borrower’s performance level against each SPT for each KPI (for example, limited or reasonable assurance or audit by a qualified external reviewer with relevant expertise, such as an auditor, environmental consultant and/or independent ratings agency), at least once a year.</p>	<p>The Lender’s Framework, within the eligible categories (1) ESG KPI linked Financial Products and (2) EU Taxonomy linked Financial Products, states that the borrower must obtain independent and external verification of the borrower’s performance level against each SPT for each KPI (for example, limited or reasonable assurance or audit by a qualified external reviewer with relevant expertise, such as an auditor, environmental consultant and/or independent ratings agency), at least once a year.</p> <p>The third category, (3) ESG Rating linked Financial Products, refers to the whole ESG rating given by an ESG rating agency. Therefore, the Reviewer understands that this category is also subject to independent and external verification of the borrower’s performance – in other words, subject to assurance given by an independent ratings agency.</p> <p>Moreover, RBI’s Department Sustainable Finance evaluates eligible sustainability-linked transactions regarding: adherence of the structural components to market standards, in case of a Financial Product other than a bond or loan transaction; existence of a positive Second Party Opinion (SPO) from a reputable provider, if deemed necessary in line with market standards; existence of an ESG Rating from a reputable provider in case of an ESG-Rating-linked transaction; and the calibration of the target levels of the ESG Rating(s) are set according to market practice and do not induce greenwashing allegations in case of an ESG-Rating-linked transaction.</p>	<div style="width: 20px; height: 20px; background-color: blue; margin: 0 auto;"></div>
<p>It is recommended that the verification of the performance against the SPTs should be made</p>	<p>The performance of the SPTs is disclosed to RBI, who will create an RBI Sustainable Deposits Allocation and Impact report to be reviewed and approved by the Sustainable Deposit Committee. This information</p>	<div style="width: 20px; height: 20px; background-color: green; margin: 0 auto;"></div>

<p>publicly available where appropriate</p>	<p>will be made available on RBI’s website. The Lender also recommends to borrowers that the verification of the performance against the SPTs is made publicly available where appropriate.</p>	
<p>Once reporting has been completed and external review has taken place, the lenders will evaluate the borrower’s performance against the SPTs and KPIs based on the information available</p>	<p>The Lender’s Framework requests that borrowers, where possible and at least once per annum, provide the lenders participating in the loan with up-to-date information sufficient to allow them to monitor the performance of the SPTs and that the verification of the performance against the SPTs is made publicly available where appropriate.</p> <p>There is evidence of a Sustainable Deposit Committee (SDC) which will meet quarterly until full allocation or in case of material changes in the portfolio and review the eligible sustainability-linked Financial Products Register. The SDC carries out these activities in order to replace the transactions that no longer meet the eligibility criteria as well as to approve the annual Allocation and Impact Report. On a yearly basis, RBI will check the eligibility and availability of the eligible sustainability-linked Financial Products in the Sustainable Deposit Register.</p> <p>Moreover, RBI is expected to disclose, on an aggregated level, a description of the eligible sustainability-linked Financial Products portfolio, including details such as the status of SPT achievement (overachieving, achieving, underachieving) for eligible sustainability-linked Financial Products.</p>	

1.5.2. Detailed review result

<p>Aligned to SLLP (March 2022)</p> <p>Principle Five – Verification</p>	<p>In the External Reviewer’s opinion, the Lender’s approach to the Borrower’s verification is aligned to the requirements of the SLLP Principle Five – Verification.</p>
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Published in the UK: 2022