

Second-Party Opinion

CenterPoint Energy Sustainable Financing Framework



Evaluation Summary

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



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency and Carbon Reduction, Green Buildings, Cleaner Transportation and Socio-Economic Advancement and Equity – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 8, 9, 10 and 11.



PROJECT EVALUATION AND SELECTION CenterPoint Energy’s internal process for evaluating and selecting projects is overseen by a cross-functional subcommittee, consisting of personnel from its Treasury, Investor Relations, Legal, Finance, Sustainability, Operations and Accounting teams. CenterPoint’s internal processes will be utilized to address environmental and social risks associated with financed projects.



MANAGEMENT OF PROCEEDS CenterPoint Energy’s Treasury Department will be responsible for the management of proceeds. Net proceeds of each eligible instruments are intended to be fully allocated within 24 months of issuance. Pending full allocation, net proceeds will be invested in cash, cash equivalents or other liquid marketable investments in line with CenterPoint Energy’s treasury management policies or used to repay outstanding indebtedness that has no association with carbon-intensive activities or assets. This is in line with market practice.



REPORTING CenterPoint Energy intends to publish allocation and impact reports for each eligible instrument on its website on an annual basis until full allocation of proceeds. Each allocation report will include the outstanding balance of net proceeds, amount of net proceeds disbursed or allocated to eligible project category as defined in the Use of Proceeds section of the Framework, a list of eligible projects financed, subject to confidentially consideration, and the proportional disbursements or allocation of proceeds between existing projects and new projects. Additionally, CenterPoint Energy has committed to reporting on relevant impact metrics for each use of proceeds category. Sustainalytics views CenterPoint Energy’s allocation and impact reporting as aligned with market practice.

Evaluation Date	February 10, 2023
Issuer Location	Houston, USA

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendix	12

For inquiries, contact the Sustainable Finance Solutions project team:

Taylor Whitfield (Toronto)
Project Manager
taylor.whitfield@sustainalytics.com
(+1) 416 861 0403

Aishwarya Ramchandran (Toronto)
Project Support

Sameen Ahmed (Toronto)
Project Support

Abhishek Pruseth (Mumbai)
Project Support

Han Xing (Toronto)
Project Support

Lindsay Brent (Toronto)
Client Relations
susfinance.americas@sustainalytics.com
(+1) 646 518 9623

Introduction

CenterPoint Energy, Inc. (“CenterPoint” or the “Company”) is an American domestic energy delivery company that has operations in electricity transmission and distribution, natural gas distribution, and energy services. The Company serves more than 7 million metered customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas. With approximately 9,000 employees as of September 2022, CenterPoint Energy owns approximately USD 35 billion in assets and is headquartered in Houston, Texas.¹

CenterPoint has developed the CenterPoint Energy Sustainable Financing Framework (the “Framework”) under which it and its affiliates and subsidiaries² intend to issue green, social and sustainability bonds, loans, convertibles,³ commercial papers and other debt instruments⁴, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that demonstrate environmental benefits and help address social inequalities. The Framework defines eligibility criteria in five areas:

1. Renewable Energy
2. Energy Efficiency and Carbon Reduction
3. Green Buildings
4. Cleaner Transportation
5. Socio-Economic Advancement and Equity

CenterPoint engaged Sustainalytics to review the CenterPoint Energy Sustainable Financing Framework, dated February 2023, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP),⁵ Green Loan Principles 2021 (GLP) and Social Loan Principles 2021 (SLP).⁶ The Framework has been published in a separate document.⁷

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁸ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of CenterPoint’s management team to understand the sustainability impact of their business processes and planned use of

¹ CenterPoint Energy, “Investor Relations”, at: https://investors.centerpointenergy.com/?_ga=2.73157011.1088515631.1666977706-1239735499.1666108287

² CenterPoint has communicated to Sustainalytics that the subsidiaries issuing the bonds through the Framework will either be wholly owned or majorly controlled (≥51% share) by the Company and that it has operational control over the affiliates. The Company has further confirmed that it will be responsible for ensuring continual alignment of the issuances with the criteria defined under the Framework.

³ CenterPoint has communicated to Sustainalytics that for mandatory convertible bonds, it will ensure full allocation of bond proceeds prior to the conversion date.

⁴ Sustainalytics has reviewed just those debt instruments that have been specified in the Framework.

⁵ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁶ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁷ The CenterPoint Energy Sustainable Financing Framework is available on CenterPoint Energy’s website at: <https://sustainability.centerpointenergy.com>

⁸ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

proceeds, as well as management of proceeds and reporting aspects of the Framework. CenterPoint representatives have confirmed (1) they understand it is the sole responsibility of CenterPoint to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and CenterPoint.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, CenterPoint is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that CenterPoint has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the CenterPoint Energy Sustainable Financing Framework

Sustainalytics is of the opinion that the CenterPoint Energy Sustainable Financing Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP, and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency and Carbon Reduction, Green Buildings, Cleaner Transportation and Socio-Economic Advancement and Equity – are aligned with those recognized by the GBP, SBP, GLP, and SLP.
 - CenterPoint has established a 24-month look-back period for its refinancing activities, which Sustainalytics considers to be aligned with market practice.
 - Under the Renewable Energy category, CenterPoint intends to invest in renewable energy generation, connection and storage infrastructure. Eligible projects include:
 - Infrastructure for the connection and integration of lower-carbon electricity generation sources to the grid where at least 90% renewable electricity comes from solar, wind, green hydrogen and renewable natural gas (RNG).⁹ Financed energy storage systems will include battery, thermal and mechanical systems, and will be connected directly to renewable energy generation sources, or support grids that integrate at least 90% renewable energy.
 - The acquisition, conception, construction, development and operation of renewable energy production plants consisting of solar photovoltaic (PV) and concentrated solar power (CSP), wind and green hydrogen for renewable energy generation.

⁹ Regarding the connection and integration of low-carbon electricity to grids that support RNG, Sustainalytics recognizes that, upon combustion, RNG releases the same pollutants and GHGs as conventional natural gas. However, the emissions potential of the gas is derived from waste matter that would otherwise decompose naturally and be released freely into the atmosphere, and therefore, from a life cycle perspective, RNG has a very low or negative carbon intensity.

- Regarding CSP projects, CenterPoint has confirmed that reliance on non-renewable energy backup is only to support peak energy demand and will be limited to approximately 5% of the electricity production. Furthermore, Sustainalytics notes that all financed green hydrogen projects¹⁰ will use electrolysis powered by renewable energy only.¹¹
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Energy Efficiency and Carbon Reduction category, CenterPoint may finance and refinance advanced metering and grid hardening infrastructure, as well as the production, construction, development, research and maintenance of energy efficiency assets and technologies and transmission and distribution projects. Eligible projects consist of the following:
 - Enhanced analytic, modelling and monitoring systems to improve the performance of end-use equipment and appliances.
 - Grid infrastructure may include the hardening and resilience of smart electric meters and related communication networks. Sustainalytics notes that all funded projects will require a climate change vulnerability assessment and adaptation plan. This is aligned with market expectation.
 - Microgrids and smart grids to support local resilience and reliable energy delivery, as well as more efficient use of lower-carbon energy sources, including energy storage systems, such as battery, thermal and mechanical storage assets.^{12,13}
 - For smart grid systems, CenterPoint has communicated to Sustainalytics that grids will not be associated with transmission lines that are dedicated to fossil fuels.
 - Research and development for end-user carbon capture and utilization pilot projects consisting of carbon capture technology converting CO₂ emissions into nontoxic carbonate ash to be reused in products such as soap, ash, and fertilizer.
 - CenterPoint has communicated that R&D expenditures under the Framework will not exceed 10% of total net proceeds. Sustainalytics views this to be in line with market practice.
 - Improvements in grid safety systems such as smart metering and microgrid solutions¹⁴ to facilitate emergency preparedness in rural and low-income communities. Sustainalytics notes that all funded projects will require a climate change vulnerability assessment and adaptation plan. This is aligned with market expectation.
 - Grid improvements such as underground transmission lines and renovations of substations to increase resiliency against severe weather events like extreme precipitation and flooding in rural and low-income communities. Sustainalytics notes that these activities will be financed in areas that have low grid connectivity and experience lower grid performance. All funded projects will require a climate change vulnerability assessment and adaptation plan. This is aligned with market expectation.
 - Under the Green Buildings category, CenterPoint intends to finance new or existing construction or renovation of commercial buildings that have obtained one of the following green building certifications: i) LEED Gold or above, ii) BREEAM Excellent or better, or iii) Energy Star 85 or above. Sustainalytics views the certification schemes to be credible and the levels selected in the Framework to be aligned with market practice.
 - Under the Cleaner Transportation category, eligible expenditures may include the procurement, maintenance and operation of electric vehicles (EVs), hybrid vehicles and associated charging infrastructure for EVs. Specific projects and assets may include:

¹⁰ This is related to CenterPoint's existing green hydrogen pilot project in Minneapolis, as well as the development and expansion of additional green hydrogen pilot programmes.

¹¹ CenterPoint Energy, "CenterPoint Energy launches green hydrogen project in Minnesota", (2022), at: <https://investors.centerpointenergy.com/news-releases/news-release-details/centerpoint-energy-launches-green-hydrogen-project-minnesota>

¹² Sustainalytics commentary on CenterPoint's energy storage systems is included under the Renewable Energy category.

¹³ This includes the expansion of CenterPoint's Intelligent Grid in Houston aimed at reducing power outages. Smart meters along power lines will report on outages. The smart grid will isolate the outage and re-route the power to reduce its duration and the number of people affected. More details can be found at: <https://www.centerpointenergy.com/en-us/residential/services/electric-utility/how-electricity-gets-to-you/the-intelligent-grid?sa=ho>

¹⁴ For use with distributed energy sources, including solar PV and wind.

- The development and installation of EV chargers and make-ready infrastructure, including all necessary electrical infrastructure to operate charging stations. Vehicle-to-grid technology and infrastructure such as smart charging technologies that allow batteries to provide power back to the power grid may also be financed.
 - Sustainalytics notes that vehicle-to-grid technology contributes to the adoption of EVs and reduces the intermittency of renewable energy availability on the grid. Therefore, this activity is therefore considered to be impactful.
- Transmission and distribution systems and facilities directly related to supporting cleaner transportation including network extensions to EV charging stations and capacity upgrades.¹⁵
- The renewal of CenterPoint's fleet including replacing current passenger cars, light commercial vehicles and large vehicles with EV alternatives. Sustainalytics notes that EV alternatives will include hybrid vehicles that will be at or below the 75gCO₂/km threshold, based on lab test WLTP or NEDC procedures.
- Sustainalytics notes that financed projects will exclude the funding of parking spaces.
- Sustainalytics views investment in this category to be aligned with market practice.
- Under the Socio-Economic Advancement and Equity category, CenterPoint may finance projects that aim to increase opportunities for small businesses and suppliers, and generate employment for defined target populations. Target populations will include low-income individuals, racial and ethnic minorities and marginalized groups. Eligible projects may include:
 - Sustainalytics recognizes the benefits of supporting small businesses and suppliers that are owned/operated by members of historically disadvantaged groups.¹⁶ Sustainalytics also believes, however, that the green/social bond market generally favours expenditures directly associated with an issuer's green and/or socially beneficial assets/activities, and that allocation toward procurement costs based on the identity of suppliers rather than the nature of the products/services being supplied is not fully aligned with market practice. Sustainalytics notes that the Framework applies exclusionary criteria to suppliers in certain sectors (see below).
 - Skill development training for small-business workers¹⁷ to enable them to gain job-specific skills for potential business opportunities and mentoring programmes, such as CenterPoint's Leadership Development Programs. Sustainalytics notes that the training programmes will be freely accessible to small businesses regardless of their ability to pay.
 - Bill payment assistance through CenterPoint's Low Income Home Energy Assistance Program (LIHEAP)¹⁸ and the Percentage of Income Payment Plan Plus (PIPP Plus) programme,¹⁹ which support underserved communities, such as racial and ethnic minorities, women and veterans with financing, delayed payments and other remedies for heating and electricity.²⁰ Financing for these programmes will be limited to 10% of proceeds.
 - Based on the eligibility criteria above, Sustainalytics views these investments as socially impactful.

¹⁵ CenterPoint has confirmed to Sustainalytics that transmission and distribution financing will be limited to grids that have 90% or more of renewable electricity integrated.

¹⁶ The Framework defines diverse suppliers as those that are minority-owned, female-owned, veteran owned, LGBT owned and small businesses/suppliers. "Minority-owned" is defined as a business that is at least 51% owned by, and whose management and daily business operations are controlled by, one or more members of a socially and economically disadvantaged minority group, namely US citizens who are African Americans (Black), Hispanic Americans, Native Americans, Asian-Pacific Americans and Indian sub-Continent Americans

¹⁷ The Framework defines "small business" as per the Texas Government Code 481.191. Small Business refers to a corporation, partnership, sole proprietorship, or other legal entity that: (A) is domiciled in this state; (B) is formed to make a profit; (C) is independently owned and operated; and (D) employs less than 100 full-time employees.

¹⁸ Sustainalytics notes that eligibility for the LIHEAP programme is 60% of the median income. More details can be found at: <https://www.centerpointenergy.com/en-us/CustomerService/Pages/liheap.aspx?sa=mn&au=res>

¹⁹ Sustainalytics notes that eligibility for the PIPP Plus programme is 175% of the poverty rate, or 70% of the median income of a family of four. More details can be found at: <https://development.ohio.gov/individual/energy-assistance/2-percentage-of-income-payment-plan-plus>

²⁰ Sustainalytics notes that the Framework defines income of eligible households as below 60% of the state's median income. The size of the grant is then based on the household size, income fuel type and energy usage. More details can be found at: <https://www.centerpointenergy.com/en-us/CustomerService/Pages/liheap.aspx?sa=mn&au=res>

- Sustainalytics notes that CenterPoint has established exclusionary criteria that apply to all categories under the Framework including activities related the exploration, production or transportation of coal, consumption of coal for the purpose of power generation and suppliers associated with activities in sectors such as tobacco, firearms etc. Sustainalytics considers these exclusionary criteria to strengthen the Framework.
- Project Evaluation and Selection:
 - CenterPoint’s cross-functional subcommittee, consisting of personnel from its Treasury, Investor Relations, Legal, Finance, Sustainability, Operations and Accounting teams will be responsible for the evaluation and selection of eligible projects per the criteria defined in the Framework.
 - CenterPoint’s internal processes will be utilized to address environmental and social risks associated with the projects being financed. Sustainalytics considers this to be adequate. For additional details, refer to Section 2.
 - Based on a well-defined project selection process and CenterPoint’s risk management processes, Sustainalytics considers this to be in line with market practice.
- Management of Proceeds:
 - CenterPoint’s Treasury team will be responsible for the allocation and tracking of proceeds to eligible projects and will track the allocation of proceeds through an internal tracking system.
 - The Issuer intends to fully allocate the net proceeds of each issuance within 24 months of the respective issuance date.
 - Pending full allocation, net proceeds will be temporarily invested in cash, cash equivalents or other liquid marketable investments in line with the Issuer’s treasury management policies or used to repay outstanding indebtedness. CenterPoint has confirmed that the refinanced debt will have no association with carbon-intensive activities and assets.
 - Based on these elements, Sustainalytics considers this process to be aligned with market practice.
- Reporting:
 - CenterPoint Energy intends to publish allocation and impact reports for each eligible instrument on its website on an annual basis until full allocation of proceeds is achieved.
 - Each allocation report will include the outstanding balance of net proceeds, amount of net proceeds disbursed or allocated to eligible project category as defined in the Use of Proceeds section of the Framework, a list of eligible projects financed, subject to confidentially consideration, and the proportional disbursements or allocation of proceeds between existing projects and new projects.
 - Impact reporting is expected to be based on category-level quantitative impact metrics including: (i), energy storage connected (MW/Megawatt hours (MWh)) (ii), fugitive emissions reductions in MT CO₂e, (iii) number of jobs created/supported by spending with diverse businesses and (iv) number of training hours. For a full list of impact metrics please refer to Appendix 1.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

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

Section 2: Sustainability Strategy of CenterPoint

Contribution to CenterPoint Energy’s sustainability strategy

CenterPoint’s Governance, Environmental and Sustainability Committee (the “GES Committee”) is responsible for overseeing its sustainability strategy and ESG initiatives. CenterPoint’s sustainability strategy has been developed around the following focus areas: i) land use and biodiversity; ii) emission reduction; iii) energy efficiency; iv) renewable energy; v) cleaner transportation systems; and vi) socio-economic development of local communities.

The Company intends to achieve its sustainability goals through multiple investment programmes that modernize its infrastructure and develop low-carbon technologies.²¹ Regarding social impact, CenterPoint aims to strengthen its relationships with local communities by investing in emergency preparedness, training and education programmes, and environmental conservation efforts.²² In 2021, the Company invested more than USD 18 million in local communities.²³ In 2021, the Company spent over USD 6 million on social impact initiatives.²⁴

Sustainalytics is of the opinion that the CenterPoint Energy Sustainable Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities.

CenterPoint Energy's transition strategy

CenterPoint's GES Committee sets and oversees the Company's progress towards its carbon emission reduction targets and receives regular updates on ESG and sustainability initiatives from the Vice President of Environmental and Corporate Sustainability, who oversees the ESG Council along with the Vice President of Investor Relations and Treasurer. The ESG Council is represented by senior leadership from multiple functions of the Company, including Electric and Natural Gas Operations, Regulatory, Legal, Power Generation, Safety, Human Resources and Finance, and evaluates opportunities to further the Company's ESG goals and strategy.²⁵ CenterPoint has also linked its executive compensation with the Company's ESG targets.

CenterPoint has established a detailed climate strategy which focuses on three key pillars: i) increased deployment and use of renewable energy sources; ii) transition away from fossil fuel-based operations and continued development of alternative fuels, such as RNG; and iii) research on low-carbon technologies.²⁶ The strategy establishes the Company's goal of achieving net zero scope 1 and 2 emissions by 2035 and includes a target to reduce scope 3 emissions (that is, GHG emissions from natural gas use by its residential and commercial customers) by 20-30% by 2035 versus a 2021 baseline.^{27,28} To achieve these targets, CenterPoint has committed to investing in low-carbon technologies, such as a green hydrogen pilot project in 2022 as part of its renewable energy distribution system.²⁹ Following regulatory approval in 2020, CenterPoint has also been promoting the use of energy sourced from RNG, which is produced by capturing and recycling biogas from farms, food waste and wastewater.³⁰ In addition, CenterPoint is piloting a carbon capture project to reduce emissions from end-users and reuse captured CO₂ in non-toxic commercial products, such as soaps and glass.³¹ CenterPoint is also focused on reducing methane emissions from its natural gas operations and anticipates reducing these emissions by 33% by 2035 through natural gas ultrasonic smart metering technology.³²

CenterPoint intends to continually assess its strategy with the aim to align with the long-term target set by the Paris Agreement to limit global warming to 2°C. Based on the targeted carbon intensity per MWh, the Transition Pathway Initiative has assessed the Company's medium- and long-term targets as aligned with a 1.5°C scenario,³³ and CenterPoint expects to produce two-thirds of its energy from renewable resources by 2030. The Company has committed to investing USD 750 million to support renewable energy sources, including adding up to 1,000 MW from solar projects; 300 MW from wind power; and two gas-fired combustion turbines by 2025.³⁴

CenterPoint intends to report on capital investments in renewable energy; annual GHG emissions avoided, and fugitive emissions reduced (in MtCO₂e); annual savings (in MWh); and energy storage connected. The Company also reports annually on its climate-related risks through its management's discussion and analysis in its annual and corporate sustainability reports and adheres to reporting guidelines of the following

²¹ CenterPoint Energy, "2022 Corporate Sustainability Report", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/CenterPoint-Energy-2022-Corporate-Sustainability-Report.pdf>

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ CenterPoint Energy, "Carbon Policy", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/2022-Carbon-Policy-Handout.pdf>

²⁷ Ibid.

²⁸ CenterPoint Energy, "2022 Corporate Sustainability Report", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/CenterPoint-Energy-2022-Corporate-Sustainability-Report.pdf>

²⁹ CenterPoint, "Carbon Reduction Technologies", at: <https://sustainability.centerpointenergy.com/net-zero/carbon-reduction-technologies/>

³⁰ Ibid.

³¹ Ibid.

³² CenterPoint, "Sustainable Natural Gas Pipeline Infrastructure", at: <https://sustainability.centerpointenergy.com/net-zero/sustainable-natural-gas-pipeline-infrastructure/>

³³ Transition Pathway Initiative, "TPI Online Tool: CenterPoint Energy", at: <https://www.transitionpathwayinitiative.org/companies/centerpoint-energy>

³⁴ CenterPoint Energy, "2022 Corporate Sustainability Report", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/CenterPoint-Energy-2022-Corporate-Sustainability-Report.pdf>

disclosure platforms: i) the Global Reporting Initiative; ii) the Sustainability Accounting Standards Board; and iii) the Transition Pathway Initiative.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include those related to emissions, effluents and waste generated from operations; occupational health and safety; community relations; and land use and biodiversity issues associated with large-scale infrastructure projects.

Sustainalytics is of the opinion that CenterPoint is able to manage or mitigate potential risks through the implementation of the following:

- CenterPoint has communicated to Sustainalytics that it complies with all applicable environmental laws and regulations pertaining to air quality, emission reductions, effluents and waste management. The Company adheres to the Mercury and Air Toxic Standards and has installed electrostatic precipitators in its units to reduce particulate matter emissions.^{35,36} CenterPoint complies with the Clean Water Act for discharging waste and also has a Water Management Policy that specifies how water consumption should be monitored.^{37,38} Additionally, the Company has a Waste Management Policy and an Environmental Inspection and Audit Guide to ensure safe handling of waste materials and their appropriate disposal, and has partnered with emergency response clean-up contractors to address oil spills and subsequent remediation.³⁹
- CenterPoint complies with the Occupational Safety and Health Act of 1970 and all other applicable laws and regulations concerning the safety of its workers and employees.⁴⁰ CenterPoint's labour agreements cover the implementation of safety rules, compensation to employees facing work-related injuries and the formation of safety committees.⁴¹ The Company has also prepared an Emergency Operations Plan to prepare, mitigate, respond and recover from workplace accidents and emergency situations. CenterPoint conducts safety drills and training programmes to educate its workforce on incidents, near-misses⁴² and other safety observations.⁴³
- CenterPoint has prepared a company-wide community relation strategy based on the stakeholder engagement process recommended by GRI. CenterPoint hosts Customer Advisory Council meetings to engage its large customers and community leaders to incorporate their feedback in its investment plan.⁴⁴
- To mitigate or manage risks related to land use and biodiversity, while evaluating prospective sites for its transmission facilities, CenterPoint identifies sensitive areas, including protected species and their habitats.⁴⁵ CenterPoint has set up an interdepartmental avian protection team and conducts avian risk assessments to plan and design avian-friendly infrastructure and renovations. CenterPoint's natural gas business has also formulated an Environmental Review Worksheet to examine the potential impact on air, water and land during project design and to identify and manage the presence of species that are threatened, protected or endangered in coordination with government and regulatory agencies.⁴⁶

³⁵ Mercury and Air Toxics Standards are a set of technology-based emissions standards set up by the US Environmental Protection Agency for mercury and other hazardous air pollutants.

³⁶ CenterPoint Energy, "2022 Corporate Sustainability Report", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/CenterPoint-Energy-2022-Corporate-Sustainability-Report.pdf>

³⁷ The Clean Water Act establishes the basic structure for regulating discharges of pollutants into US waters and regulating quality standards for surface waters.

US EPA, "Summary of the Clean Water Act", at: <https://www.epa.gov/laws-regulations/summary-clean-water-act>

³⁸ CenterPoint Energy, "2022 Corporate Sustainability Report", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/CenterPoint-Energy-2022-Corporate-Sustainability-Report.pdf>

³⁹ Ibid.

⁴⁰ US Department of Labor, "Occupational Safety and Health Act of 1970", at: <https://www.osha.gov/laws-regs/oshact/toc>

⁴¹ CenterPoint Energy, "2022 Corporate Sustainability Report", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/CenterPoint-Energy-2022-Corporate-Sustainability-Report.pdf>

⁴² A near-miss is an incident that could have caused injury but was narrowly avoided.

⁴³ CenterPoint Energy, "2022 Corporate Sustainability Report", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/CenterPoint-Energy-2022-Corporate-Sustainability-Report.pdf>

⁴⁴ Ibid.

⁴⁵ CenterPoint Energy, "2022 Corporate Sustainability Report", at: <https://sustainability.centerpointenergy.com/wp-content/uploads/2022/08/CenterPoint-Energy-2022-Corporate-Sustainability-Report.pdf>

⁴⁶ Ibid.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CenterPoint has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of renewable energy in reducing GHG emissions in the US

The US is the second-largest electricity consumer in the world, accounting for nearly 17% of the world's electricity consumption in 2021.⁴⁷ According to the US Energy Information Administration, 61% of US electricity generation comes from fossil fuels as of November 2022, and while renewable energy generation in the US has experienced significant growth in recent decades, it accounted for only 20% of generation in 2021.⁴⁸ The electricity sector is one of the country's largest GHG emitters, accounting for 25% of total emissions in 2020.⁴⁹

As a part of its nationally determined contribution under the Paris Agreement, the US has committed to reducing GHG emissions by at least 50-52% from a 2005 baseline by 2030, and to achieve economy-wide net zero emissions by 2050.^{50,51} In line with these targets, the US government established a goal in 2021 of achieving a 100% carbon-free electricity sector by 2035.⁵²

In this context, Sustainalytics views CenterPoint's investments in eligible renewable energy projects financed under the Framework to have the potential to reduce GHG emissions in the electricity sector and contribute to US climate goals.

Importance of energy equity and socio-economic advancement in energy transition in the US

As of 2022, US small businesses employed 46.4% of the country's workforce.⁵³ Despite their economic importance, small and medium businesses face barriers to transitioning their operations to net zero due to a lack of information and awareness of greening opportunities, resource constraints, skill and knowledge limitations and technical uncertainties.⁵⁴ Furthermore, small businesses spend more than USD 60 billion a year on energy and consume 44% of commercial building energy in the US.^{55,56}

Residents of minority neighbourhoods, earning less than 50% of the area median income in the US incur 27% more energy costs than the residents of majority non-Hispanic white neighbourhoods in the same income range.⁵⁷ This is often due to lower energy efficiency in homes in the form of inefficient heating and lighting

⁴⁷ International Energy Agency, "IEA Atlas of Energy", at: <http://energyatlas.iea.org/#!/tellmap/-1118783123/1>

⁴⁸ US Energy Information Administration, "What is U.S. electricity generation by energy source?", (2022), at: <https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

⁴⁹ The EIA has assumed a GDP growth of 1.7% in 2022 to derive this calculation.

US Energy Information Administration, "U.S. Economic Assumptions and Energy-Related Carbon Dioxide Emissions", at:

https://www.eia.gov/outlooks/steo/report/renew_co2.php#:~:text=U.S.%20energy%2Drelated%20carbon%20dioxide,growing%20transportation%2Drelated%20petroleum%20consumption

⁵⁰ US Department of State, "The Long-Term Strategy of the United States", (2021), at: <https://www.whitehouse.gov/wp-content/uploads/2021/10/US-Long-Term-Strategy.pdf>

⁵¹ UNFCCC, "The United States of America Nationally Determined Contribution", (2022), at: <https://unfccc.int/sites/default/files/NDC/2022-06/United%20States%20NDC%20April%2021%202021%20Final.pdf>

⁵² The White House, "FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies", (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

⁵³ US Small Business Administration, "Small Business Profiles for the States, Territories, and Nation 2022", (2022), at: https://cdn.advocacy.sba.gov/wp-content/uploads/2022/08/30121348/State_Profiles_2022.pdf

⁵⁴ OECD, "No Net Zero without SMEs: Exploring the key issues for greening SMEs and green entrepreneurship", (2021), at: <https://www.oecd-ilibrary.org/docserver/bab63915-en.pdf?expires=1666961282&id=id&accname=guest&checksum=15DE25DED197EF388E661C0A89672FEE>

⁵⁵ Energy Star, "Small Businesses: An Overview of Energy Use and Energy Efficiency Opportunities", at:

<https://www.energystar.gov/sites/default/files/buildings/tools/SPP%20Sales%20Flyer%20for%20Small%20Business.pdf>

⁵⁶ National Renewable Energy Laboratory, "Maximizing Energy Savings for Small Businesses", at: <https://www.nrel.gov/buildings/small-businesses.html>

⁵⁷ Kontokosta, C. et al. (2020), "Energy Cost Burdens for Low-Income and Minority Households", Journal of the American Planning Association, at: <https://par.nsf.gov/servlets/purl/10132800#:~:text=Our%20results%20show%20the%20average.an%20average%20burden%20of%20%25>.

infrastructure.⁵⁸ Additionally, minority groups are more likely to face higher risks of service disruptions and higher bills as a result of energy inefficiency and cost burdens.⁵⁹

To support small businesses in the energy transition, in 2021, the US federal government announced USD 105 million in funding for small businesses to invest in the deployment of clean-energy technologies.⁶⁰ Moreover, to support local communities in their energy transition, the federal government plans on investing up to USD 172 billion over the next decade in upgrading more than 950,000 public housing units with deep energy retrofits through the Green New Deal for Public Housing Act.⁶¹ The government is also implementing the Justice40 Initiative, where 40% of the overall benefits from federal investments in climate and clean energy go to disadvantaged communities.⁶²

Based on the above, Sustainalytics is of the opinion that CenterPoint Energy’s activities under the Framework related to socio-economic advancement and equity, including providing support for electricity bill payments and creating partnerships with suppliers for low-income individuals and small-business owners, is expected to contribute to reducing the inequalities and barriers faced by disadvantaged populations in the US energy transition.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the CenterPoint Energy Sustainable Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency and Carbon Reduction	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Cleaner Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Socio-Economic Advancement and Equity	8. Decent Work and Economic Growth 10. Reduced Inequalities	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small-and medium sized enterprises, including through access to financial services

⁵⁸ Mock, B. (2019), “Neighborhoods With More People of Color Pay Higher Energy Bills”, Bloomberg, at: <https://www.bloomberg.com/news/articles/2019-11-25/why-white-households-pay-less-for-utilities>

⁵⁹ Kowalski, K. (2020), “Racial disparities persist in electric service. Is ‘wilful blindness’ to blame?”, Energy News Network, at: <https://energynews.us/2020/07/01/racial-disparities-persist-in-electric-service-is-wilful-blindness-to-blame/>

⁶⁰ US Department of Energy, “DOE Announces \$105 Million for Small Businesses to Invest in Clean Energy Research and Development”, (2021), at: <https://www.energy.gov/articles/doe-announces-105-million-small-businesses-invest-clean-energy-research-and-development>

⁶¹ US Senate, “NEWS: Sanders and Ocasio-Cortez Rollout Green New Deal for Public Housing Act”, (2021), at: <https://www.sanders.senate.gov/press-releases/news-sanders-and-ocasio-cortez-rollout-green-new-deal-for-public-housing-act/>

⁶² National Conference of State Legislatures, “Energy Justice and the Energy Transition”, (2022), at: <https://www.ncsl.org/research/energy/energy-justice-and-the-energy-transition.aspx>

		10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
--	--	--

Conclusion

CenterPoint Energy, Inc. has developed the CenterPoint Energy Sustainable Financing Framework, under which it and its affiliates and subsidiaries may issue green, social and sustainability bonds, loans, convertibles, commercial paper and other debt instruments, and use the proceeds to finance projects that demonstrate environmental benefits and help address social inequalities. Sustainalytics considers that the projects funded by the proceeds of the instruments are expected to provide positive environmental and social impacts.

The CenterPoint Energy Sustainable Financing Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability and transition strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 8, 9, 10 and 11. Additionally, Sustainalytics is of the opinion that CenterPoint has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that CenterPoint Energy is well positioned to issue sustainability bonds and loans, and that the CenterPoint Energy Sustainable Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021) and Social Loan Principles (2021).

Appendix

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

Section 1. Basic Information

Issuer name:	CenterPoint Energy
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	CenterPoint Energy Sustainable Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 10, 2023
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

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

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency and Carbon Reduction, Green Buildings, Cleaner Transportation and Socio-Economic Advancement and Equity – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 8, 9, 10 and 11.

Use of proceeds categories as per GBP:

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

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

Use of proceeds categories as per SBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

CenterPoint Energy's internal process for evaluating and selecting projects is overseen by a cross-functional subcommittee, consisting of personnel from its Treasury, Investor Relations, Legal, Finance, Sustainability, Operations and Accounting teams. CenterPoint's internal processes will be utilized to address environmental and social risks associated with financed projects.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

CenterPoint Energy's Treasury team will be responsible for the management of proceeds. Net proceeds of each eligible instruments are intended to be fully allocated within 24 months of the issuance. Pending full allocation, net proceeds will be invested in cash, cash equivalents or other liquid marketable investments in line with CenterPoint Energy's treasury management policies or used to repay outstanding indebtedness that has no association with carbon-intensive activities or assets. This is in line with market practice.

Tracking of proceeds:

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

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- Allocation to individual disbursements

 Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds

 Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

CenterPoint Energy intends to publish allocation and impact reports for each eligible instrument on its website on an annual basis until full allocation of proceeds is achieved. Each allocation report will include the outstanding balance of net proceeds, amount of net proceeds disbursed or allocated to eligible project category as defined in the Use of Proceeds section of the Framework, a list of eligible projects financed, subject to confidentially consideration, and the proportional disbursements or allocation of proceeds between existing projects and new projects. Additionally, CenterPoint Energy has committed to reporting on relevant impact metrics for each use of proceeds category. Sustainalytics views CenterPoint Energy's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project

 On a project portfolio basis
- Linkage to individual bond(s)

 Other (please specify):

Information reported:

- Allocated amounts

 Sustainability Bond financed share of total investment
- Other (please specify): Net proceeds of outstanding sustainable financing instruments; subject to confidentiality considerations, a list of eligible projects financed through CenterPoint Energy's sustainable financing instruments, including a description of projects, disbursed or allocated amounts; the proportional disbursement or allocation of proceeds between existing projects (refinancing) and new projects

Frequency:

- Annual

 Semi-annual
- Other (please specify):

Impact reporting:

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

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Energy storage connected (MW/Megawatt hours (MWh)); number of cleaner energy solution pilot programmes, related research and development expenditures; fugitive emissions reductions (MT CO2e); zero net energy penetration for existing company buildings (%); cumulative number of LEED certified buildings and any certified in reporting year; number of EVs procured for fleet; displaced diesel/gasoline gallon equivalents; number of jobs created/supported by spending with diverse businesses; number of training hours; percentage spend on local suppliers |

Frequency:

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

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): separate allocation and impact report |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): the allocation of the sustainable financing instrument proceeds to eligible projects | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

Disclaimer

Copyright ©2023 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

