



# Second-Party Opinion

## Forbright Green Financing Framework

### Evaluation Summary

Sustainalytics is of the opinion that Forbright’s Green Financing Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Renewable Energy and Energy Efficiency – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will facilitate the transition to a low carbon economy in the US and advance the UN Sustainable Development Goals, specifically SDG 7: Affordable and Clean Energy.



**PROJECT EVALUATION / SELECTION** Forbright has established the ESG Lending Working Group (the “Working Group”) and the ESG Strategy Committee (Strategy Committee) for assessing and approving potential eligible projects. Such projects will be identified using the Sustainable Finance Addendum by the Working Group and presented to the Strategy Committee for final review and confirmation. The Working Group will also oversee the environmental and social risk assessment and management of eligible projects. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** A Sustainable Asset Tracking (“SAT”) group will track and monitor the allocation of proceeds to eligible projects via an existing internal tracking system. Forbright intends to allocate net proceeds within 12 months of issuance. Pending allocation, unallocated proceeds will be temporarily held in line with the Bank’s internal liquidity policy and may be temporarily invested in cash or cash equivalents. This is in line with market practice.



**REPORTING** Forbright intends to report on the allocation of proceeds in a report to be published on its website, on annual basis until full allocation. The allocation reporting will include a description of projects financed, the amount allocated by category and the unallocated balance. In addition, Forbright is committed to reporting on relevant impact metrics, achieved or expected, where feasible. Sustainalytics views the Bank’s allocation and impact reporting as aligned with market practice.

**Evaluation Date** December 3, 2021

**Issuer Location** Chevy Chase, US

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## Introduction

Forbright Bank (“Forbright” or the “Bank”) is a financial institution formerly known as Congressional Bank. Forbright is a full-service bank, commercial lender, and asset manager headquartered in Chevy Chase, Maryland. The Bank provides specialty lending and banking services to clients across the United States, with over USD 4.5 billion in owned and managed assets.

Forbright has developed the a Green Financing Framework (the “Framework”) under which it intends to issue one or more green bonds, notes or preferred stock. An amount equal to the proceeds raised from these bonds, notes and preferred stock offerings will be used to finance and refinance, in whole or in part, existing and future projects that will facilitate the transition to a low carbon economy in the US. The Framework defines green eligibility criteria in two areas:

1. Renewable Energy
2. Energy Efficiency

Forbright engaged Sustainalytics to review the Framework, dated December 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the 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 Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Congressional Bank’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Congressional Bank representatives have confirmed (1) they understand it is the sole responsibility of Congressional Bank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> Forbright’s Green Financing Framework is available on the Bank’s website at: <https://www.congressionalbank.com/esg>

<sup>3</sup> 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.

respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

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

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

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Forbright's Green Financing Framework

Sustainalytics is of the opinion that the Green Financing Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Forbright's Green Financing Framework:

- Use of Proceeds:
  - The eligible categories – Renewable Energy and Energy Efficiency – are aligned with those recognized by the GBP.
  - Sustainalytics considers the refinancing and commitment for full allocation to be in line with market practice.
  - Under the Renewable Energy category, Forbright intends to finance residential and commercial solar photovoltaic rooftop panels and associated infrastructure. This is in line with market practice.
  - Under the Energy Efficiency category, the Bank intends to finance the installation of non-fossil fuel-based energy-efficient building equipment such as high-efficiency heating, ventilation, and air conditioning (HVAC) upgrades. Examples of related projects include high-efficiency lighting and daylighting, new automated building and HVAC controls, and electric boilers and furnaces. Sustainalytics encourages Forbright to report on estimated or achieved energy efficiency on a portfolio basis where feasible.
  - Sustainalytics notes that Forbright will not knowingly finance projects that relate to coal-generated power and mining (including thermal coal), oil and gas extraction, and predatory or deceptive lending. For a full list of excluded activities, please refer to the Framework. Sustainalytics is of the opinion that the addition of exclusionary criteria strengthens the Framework.
- Project Evaluation and Selection:
  - Forbright has established an ESG Lending Working Group (the Working Group) and the ESG Strategy Committee (Strategy Committee), responsible for assessing and approving potential projects. The Working Group is comprised of representation from each of the Bank's lending verticals, ESG and Sustainable Finance groups. The Working Group is overseen by the Strategy Committee, comprised of the Chairman of the Board, CEO, General Counsel, Head of Strategy, Head of ESG, Head of Healthcare Lending and Head of Specialty Lending.
  - Potential eligible projects will be identified by the Working Group using the Sustainable Finance Addendum<sup>4</sup> and presented to the Strategy Committee for final review and confirmation.
  - The Working Group oversees the Bank's ESG assessment process for all loan opportunities across each of its lending verticals. In accordance with the Bank's Responsible Investment Policy, all loan opportunities are screened against the exclusion list and then evaluated for ESG

<sup>4</sup> The Sustainable Finance Addendum outlines the characteristics of the transaction that support a projects qualification as an eligible project under the Framework, and will include, at a minimum: (i) UN SDG alignment, (ii) Eligible Project Category per the Green Bond Principles, (iii) description of project and explanation of what makes it an eligible project, and (iv) impact information including metrics that have been collected or will be collected, if feasible.

risks and opportunities using the ESG Due Diligence Toolkit, third-party analysis and any other information, as available. The ESG assessment is included in the loan's summary diligence memorandum along with a risk determination for each of the environmental, social and governance dimensions, which is presented during the loan approval process. For any loan opportunities determined to have elevated risk in any of these dimensions, a dedicated ESG risk sub-committee is responsible for ensuring that risks are appropriately addressed and mitigated prior to loan approval. Sustainalytics considers these environmental and social risk management procedures to be adequate and aligned with market expectation. For additional details see Section 2.

- Based on the establishment of a formal working group for project evaluation and selection and company-level ESG risk mitigation processes, Sustainalytics considers this process to be in line with market practice
- **Management of Proceeds:**
  - A Sustainable Asset Tracking ("SAT") group will be in charge of tracking and monitoring the allocation of proceeds to eligible projects via an existing internal tracking system.
  - Forbright intends to fully allocate net bond proceeds within 12 months of each respective issuance and has defined a look-back period of one year for refinancing eligible projects. Pending allocation, unallocated proceeds will be temporarily held in line with the Bank's internal liquidity policy and may be temporarily invested in cash or cash equivalents.
  - In the case of divestment or if the project no longer meets the eligibility criteria, the Bank will reallocate the funds to other eligible projects.
  - Based on the established tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
  - Forbright intends to report on the allocation and impact of proceeds via a report on its website to be published on an annual basis and until full allocation.
  - The allocation reporting will include a description of projects financed, impact metrics (achieved or expected) when feasible, the amount allocated per category and unallocated balances.
  - Impact metrics may include annual GHG emissions reduced or avoided (tCO<sub>2</sub>e/year), annual renewable energy generation (MWh or GWh), or annual energy savings (MWh, GWh, GJ or TJ per year).
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Green Bond Principles 2021**

Sustainalytics has determined that the Forbright's Green Financing Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of Forbright**

### **Contribution of the Framework to Forbright's sustainability strategy**

Forbright recognizes responsible environmental, social and governance practices as central to its mission and stakeholders. The Bank aims to position itself as a finance partner focused on financing green and sustainable projects. Forbright is working to embed ESG practices as part of its loan selection and capital allocation process. The Bank has established a Sustainable Finance Division with a commitment to dedicate 50% of its assets to projects catering to different themes, including Environmental Sustainability, Affordable Housing, Healthcare Access, and Financial Inclusion.<sup>5</sup> The Bank is also a signatory of the United Nations Principles of Responsible Banking.

In 2021, the Bank launched a new loan programme focusing on solar energy systems and battery storage to help promote homeowners to switch to clean energy. One of the most prominent aspects of the programme is the financial partnership with Mosaic, a leading solar and energy-efficient home improvement financing platform.<sup>6</sup> This is in line with Forbright's society-wide goal of advancing the transition to net-zero greenhouse

<sup>5</sup> Forbright has shared with Sustainalytics additional documents pertaining to its sustainability strategy and mission.

<sup>6</sup> Congressional Bank, "Mosaic and Congressional Bank Announce Financing Partnership", at : <https://www.congressionalbank.com/news/mosaic-and-congressional-bank-announce-financing-partnership/>

gas emissions by 2050. In addition, Forbright has committed to achieving net-zero carbon impact from its operations in 2021.<sup>7</sup>

Sustainalytics recognizes the importance of the above commitments expressed by the Bank and encourages Forbright to develop a comprehensive sustainability strategy with defined time-bound and quantifiable targets. Sustainalytics is of the opinion that the Green Financing Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further Forbright's action on its key environmental priorities.

### **Approach to managing environmental and social risks associated with the projects**

While Sustainalytics recognizes that the net proceeds from the bond issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. As a financing provider, Forbright may have limited involvement in the development of specific projects. Nonetheless, the Bank should take steps to mitigate key risks related to the projects that will be financed. Some key environmental and social risks associated with the eligible projects include occupational health and safety, stakeholder participation, waste generated during project development.

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

- The Bank has in place a Code of Business Conduct, Responsible Investment Policy, Negative Screen / Exclusion List and ESG Due Diligence Toolkit. These policies and guidelines provide for the management of social, environmental, and governance impacts across the Bank's loan portfolio. Forbright is committed to reviewing and updating these policies as necessary. As such, the Bank will evaluate opportunities to further refine the integration of ESG factors into its underwriting and portfolio management processes.<sup>8</sup>
- As a signatory of the United Nations Principles for Responsible Banking, the Bank follows the guidance for analysis and risk assessment which allows for customized application across different asset classes.<sup>9</sup>
- Sustainalytics notes that all of the projects to be financed are located in the US, which has been identified as a "Designated Country" by the Equator Principles, suggesting the existence of strong environmental and social governance systems and institutional capacity designed to protect the local environment and communities.<sup>10</sup>

Based on the Bank's policies, Sustainalytics is of the opinion that Forbright has in place adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories. Sustainalytics encourages the Bank to further establish publicly available risk management policies.

## **Section 3: Impact of Use of Proceeds**

Both use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on Renewable Energy below where the impact is specifically relevant in the local context.

### **Importance of rooftop solar energy for US' energy needs**

The electricity sector is the second-largest source of GHG emissions in the US, accounting for 25% of total GHG emissions in 2019.<sup>11</sup> However, from 1990 to 2019, GHG emissions from electricity generation decreased by 12% as a result of the increase in renewable energy and energy efficiency. In 2020, the Energy Information Administration (EIA) estimated that about 60% of US electric generation came from fossil fuels and roughly 20% each from nuclear and renewable energy. Additionally, the US produced 42 billion kWh of electricity from distributed, small-scale solar, about 1% of total generation. Large-scale solar accounted for 2.2% of the total generation that year.<sup>12</sup>

<sup>7</sup> Congressional Bank, "Our Commitment to ESG", at: <https://www.congressionalbank.com/esg/>

<sup>8</sup> Forbright has provided to Sustainalytics, in confidence, additional documentation pertaining to its screening and risk mitigation criteria.

<sup>9</sup> UNEP FI, "Principles for Responsible Banking: Guidance Document", at: [PRB-Guidance-Documents-Final-19092019.pdf](https://www.unepfi.org/PRB-Guidance-Documents/PRB-Guidance-Documents-Final-19092019.pdf) (unepfi.org)

<sup>10</sup> The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

<sup>11</sup> U.S. Environmental Protection Agency website, "Sources of Greenhouse Gas Emissions", at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#electricity>

<sup>12</sup> U.S. Energy Information Administration website, "Electricity Explained", at: <https://www.eia.gov/energyexplained/electricity/electricity-in-the-us.php>

According to recent research on global photovoltaic potential, the US has enough usable rooftop space to deploy an amount of solar equal to its current nationwide generation levels.<sup>13</sup> Worldwide, about 77,000 square miles of rooftop area worldwide has been demarcated as usable PV surface area.<sup>14</sup> This area could produce 27 petawatt-hours, or 27 million GWh, if completely covered by conventional photovoltaics. Currently, rooftops in the US can host enough capacity to produce an annual 4.2 PWh per year, effectively matching the nation's current total energy output of about 4 PWh per year. With continued cost reductions, supportive policies, and large-scale implementation, solar could account for as much as 40% of the nation's electricity supply by 2035 and 45% by 2050.<sup>15</sup>

Based on the above, Sustainalytics believes that Forbright's investments and a favorable regulatory environment will help reduce the country's greenhouse gas emissions by increasing the share of renewable energy generation from solar rooftop in the US and support the clean energy transition.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under Forbright's Green Financing Framework are expected to advance the following SDG 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	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

## Conclusion

Forbright has developed the Green Financing Framework under which it may issue green bonds and use the proceeds to finance energy efficiency and rooftop solar projects. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impacts.

Forbright's Green 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 strategy of the Bank and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goal 7: Affordable and Clean Energy. Additionally, Sustainalytics is of the opinion that Forbright 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 Forbright is well-positioned to issue green bonds and that the Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

<sup>13</sup> Kennedy, R. (2021), "Solar deployed on rooftops could match annual U.S. electricity generation", PV Magazine at <https://pv-magazine-usa.com/2021/10/11/solar-deployed-on-rooftops-could-match-annual-u-s-electricity-generation/>

<sup>14</sup> Joshi, S. (2021), "High resolution global spatiotemporal assessment of rooftop solar photovoltaics potential for renewable electricity generation", Nature Communications at <https://www.nature.com/articles/s41467-021-25720-2>

<sup>15</sup> Office of Efficiency and Renewable Energy, "Solar Futures Study", (2021) at : <https://www.energy.gov/eere/solar/solar-futures-study>

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	Forbright Bank
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Green Financing Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	December 3, 2021
<b>Publication date of review publication:</b>	

#### 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:

- |  |  |
|--|--|
| <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 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

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 and Energy Efficiency – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will facilitate the transition to a low carbon economy in the US and advance the UN Sustainable Development Goals, specifically SDG 7: Affordable and Clean Energy.

### 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 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 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 GBP | <input type="checkbox"/> Other (please specify):   |

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Forbright has established the ESG Lending Working Group (the Working Group) and the ESG Strategy Committee (Strategy Committee) for assessing and approving potential projects. Potential eligible projects will be identified using the Sustainable Finance Addendum by the Working Group and presented to the Strategy Committee for final review and confirmation. The Working Group will also oversee the environmental and social risk assessment and management of potential eligible projects. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability 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 Green 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

- Evaluation / Selection criteria subject to external advice or verification
  In-house assessment
- Other (please specify):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

A Sustainable Asset Tracking ("SAT") group will track and monitor the allocation of proceeds to eligible projects via an existing internal tracking system. Forbright intends to allocate net proceeds within 12 months of issuance. Pending allocation, unallocated proceeds will be temporarily held in line with the Bank's internal liquidity policy and may be temporarily invested in cash or cash equivalents. This is in line with market practice

#### Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

#### Additional disclosure:

- Allocations to future investments only
  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):

Forbright intends to report on the allocation of proceeds in a report to be published on its website, on annual basis until full allocation. The allocation reporting will include description of projects financed, the amount allocated by category and the unallocated balance. In addition, Forbright is committed to reporting on relevant impact metrics, achieved or expected, where feasible. Sustainalytics views the Bank'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:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts     | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |  |

**Frequency:**

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

**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 ( <i>please specify</i> ):        |

**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"/> Other ESG indicators ( <i>please specify</i> ): |

**Frequency**

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

**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 ( <i>please specify</i> ): Forbright's website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |  |

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

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

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> 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 INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

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

## Disclaimer

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