

Second-Party Opinion

Singapore Power Limited Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Singapore Power Limited Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018, the Green Loan Principles 2020 and ASEAN Green Bond Standards. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Clean Transportation, Energy Efficiency, Green Buildings, Renewable Energy – are aligned with those recognized by the Green Bond Principles 2018, the Green Loan Principles 2020 and ASEAN Green Bond Standards. Sustainalytics considers that the eligible categories are expected to improve energy efficiency and reduce the carbon footprint of the Company’s and its customers’ operations while advancing the UN Sustainable Development Goals (SDGs), specifically SDGs 7, 9 and 11.



PROJECT EVALUATION / SELECTION SP Group’s Treasury Team will be responsible for identifying, selecting and monitoring Eligible Projects. The team will be responsible for ensuring that selected projects are aligned with the Framework eligibility criteria. The final approval will be made by the Chief Financial Officer. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS SP Group uses an internal register to track the net proceeds from green bonds and loans, managed by the Treasury Team. Pending full allocation, any unallocated proceeds will be invested in cash, cash equivalents or liquid marketable instruments at SP Group’s discretion, as per SP Group’s treasury policy. This is aligned with current market practices.



REPORTING The Company intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include (i) the amounts allocated in the respective Eligible Green Categories, (ii) description of key Eligible Projects funded by the Green Financing Instrument proceeds, (iii) the proportion of new financing versus refinancing, and (iv) the balance of unallocated proceeds. In addition, SP Group is committed to reporting on relevant impact metrics. Sustainalytics views Singapore Power Limited’s allocation and impact reporting as aligned with market practice.

Evaluation date	March 10, 2021
Issuer Location	Singapore, Singapore

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices	8

For inquiries, contact the Sustainable Finance Solutions project team:

Begum Gursoy (Amsterdam)
Project Manager
begum.gursoy@morningstar.com
(+31) 20 205 0082

Aoife McCarthy (Amsterdam)
Project Support
aoife.mccarthy@morningstar.com
(+31) 20 299 4690

Marika Stocker (Singapore)
Project Support
marika.stocker@morningstar.com
(+65) 31576881

Nicholas Gandolfo (Singapore)
Client Relations
susfinance.apac@morningstar.com
(+852) 3008 2391

Alignment with ASEAN Green Bond Standards

The ASEAN Green Bond Standards provide guidance to issuers and communicate more specifically what the issuer should do to issue a credible green bond within Southeast Asia. Sustainalytics is of the opinion that the green categories under the Singapore Power Limited Green Financing Framework align with the ASEAN Green Bond Standards.

Introduction

Singapore Power Limited (“SP Group”, or the “Company”) owns and operates electricity and gas transmission and distribution businesses and a market support services business in Singapore. SP Group holds an interest in two Australian companies engaged in the transmission and distribution of electricity and gas in Australia. The Company also owns and operates district cooling networks in Singapore and China and has also established heating operations in China.

SP Group has developed the Green Financing Framework (the “Framework”) under which it intends to issue green bonds, green loans, green letter of credit facilities,¹ private placements and other debt-like financing instruments and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to improve energy efficiency and reduce the carbon footprint of the Company’s and its customers’ operations. The Framework defines eligibility criteria in four areas:

1. Clean Transportation
2. Energy Efficiency
3. Green Buildings
4. Renewable Energy

SP Group engaged Sustainalytics to review the Green Financing Framework, dated March 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)², the Green Loan Principles 2020 (GLP)³ and ASEAN Green Bond Standards (AGBS).⁴ This Framework has been published in a separate document.⁵

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ 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 2018, as administered by ICMA, the Green Loan Principles 2020, as administered by LMA, APLMA and LSTA⁷, and ASEAN Green Bond Standards;
- 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 1.7.1, 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 SP Group’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. SP Group representatives have confirmed (1) they understand it is the sole responsibility of SP Group to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all

¹ Sustainalytics has communicated to the Issuer that either the whole (or a specific tranche) of the RCF should be earmarked against green assets, and can then be drawn down as needed, or each drawdown should be allocated to a specific green expenditure, in order to be aligned with market standards.

² 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/>.

³ The Green 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/>.

⁴ The ASEAN Green Bond Standards are administered by the ASEAN Capital Markets Forum, and are available at: http://www.theacmf.org/ACMF/upload/ASEAN_Green_Bond_Standards.pdf

⁵ The Green Financing Framework is available on Singapore Power Limited’s website at: <https://www.spgroup.com.sg/about-us/investor-relations>

⁶ 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.

⁷ In addition to the Loan Market Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association

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 SP Group.

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.

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 SP Group has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Green Financing Framework

Sustainalytics is of the opinion that the Green Financing Framework is credible and impactful and aligns with the four core components of the GBP, GLP and AGBS. Sustainalytics highlights the following elements of SP Group's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – (i) Clean Transportation, (ii) Energy Efficiency, (iii) Green Buildings, (iv) Renewable Energy – are aligned with those recognized by the GBP, GLP, and the AGBS. Sustainalytics believes that the eligible categories can be expected to provide environmental benefits such as improved energy efficiency and reduced carbon footprint to the Company's and its customers' operations, which are primarily based in Asia currently.
 - SP Group has established a look-back period of 36 months from the initial date of the Green Financing Instrument transaction, which Sustainalytics considers to be in line with market practice.
 - SP Group has clarified that the Company intends to invest primarily in CAPEX activities of eligible categories under the Framework.
 - Under the "Renewable Energy" category, the Company may finance the generation, storage, transmission and distribution of renewable energy such as solar energy, including solar photovoltaics and concentrated solar power ("CSP"), onshore and offshore wind, small scale hydropower (below 25MW) and geothermal projects with direct emissions below 100g CO₂/kWh.
 - SP Group has confirmed that all transmission and distribution projects will be dedicated to either connecting renewable energy to the power grid or reducing the curtailment of renewable energy into the grid.
 - Regarding CSP, SP Group has confirmed that these projects will be limited to those that obtain around 85% of electricity from solar energy sources.
 - With respect to hydropower projects, SP Group has confirmed to Sustainalytics that, when required by laws and regulations, a social and environmental impact assessment and controversy check will be carried out to ensure intended projects do not negatively impact their surroundings or communities. Sustainalytics encourages the Company to

- make every effort to ensure that social and environmental risks are assessed and considered for every project.
- Under the “Energy Efficiency” category, SP Group intends to invest in district heating and cooling solutions, microgrids and energy storage systems.
 - For district heating and cooling systems, SP Group has clarified that intended projects include the installation of electric-powered centralized air conditioning systems that aim to provide energy efficiency through the centralized production of chilled water connected to commercial buildings.⁸ While Sustainalytics notes that district heating and cooling distribution network systems primarily powered by renewables are preferred in the market, Sustainalytics recognizes the importance of improving energy efficiency of air conditioning systems,⁹ and encourages SP Group to report on the impact achieved.
 - SP Group has confirmed with Sustainalytics that energy storage systems will include battery storage and power-to-hydrogen using electrolysis.
 - Regarding microgrids, the Company has confirmed that this category will include investments in production, storage, transmission and distribution of renewable energy sources described in the Framework.
 - Under the “Green Buildings” category, the Company may invest in residential and commercial buildings that have received the third-party certification, Singapore’s BCA Green Mark (Gold or above) or equivalent. See Appendix 1 for Sustainalytics analysis of this certification scheme.
 - SP Group follows the International Finance Corporation (“IFC”) Exclusion List (2007) in determining the excluded assets and projects under the Framework, such as the transmission of energy from fossil fuels.
 - Project Evaluation and Selection:
 - SP Group’s Treasury Team will be responsible for identifying, selecting, and monitoring Eligible Projects. The team will conduct an annual review of Green Financing Instruments (“GFI”) to monitor allocation of proceeds and assess eligibility of existing assets to ensure that they continue to align with use of proceeds criteria outlined within the Framework. Ultimately the Chief Financial Officer has the right of veto decisions made by the Treasury Team in this process.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - SP Group will establish a green financing register to monitor and track the proceeds of the GFI and allocate proceeds under eligible green categories. SP Group intends to maintain a level of allocation which matches or exceeds the balance of net proceeds from its outstanding GFI. Pending full allocation, unallocated proceeds will be temporarily invested in cash, cash equivalents, or liquid marketable instruments as per the Company’s treasury policy and exclusion criteria. SP Group has confirmed with Sustainalytics that for any revolving credit facilities funded, SP Group will assess drawdowns according to the Eligible Projects criteria.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - The Company is committed to reporting on the allocation and impact of its proceeds, through a green financing report, made available to investors and lenders within one year from the date of issuance of the GFI and until the proceeds are fully allocated. Reports will be made available on the Group’s website. Allocation reporting will include (i) the amounts allocated in the respective eligible green categories (ii) description of key Eligible Projects funded by the GFI proceeds, (iii) the proportion of new financing versus refinancing, and (iv) the balance of unallocated proceeds.
 - As part of its impact reporting, SP Group will draw on several indicators, including annual GHG emissions reduced or avoided (in CO₂ tons or equivalent), annual energy savings (in MWh/GWh/GJ/TJ), number of charging points installed, and number of buildings connected to district cooling network.

⁸ SP Group, District Cooling and Heating, at: [Cooling & Heating \(spgroup.com.sg\)](http://spgroup.com.sg).

⁹ Solving the Global Cooling Problem, Press Release, at: [Solving the Global Cooling Problem \(bloombergquint.com\)](http://bloombergquint.com).

Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018, Green Loan Principles 2020 and ASEAN Green Bond Standards

Sustainalytics has determined that the Green Financing Framework aligns to the four core components of the GBP and GLP and with the AGBS. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

The ASEAN Green Bond Standards provide guidance to issuers and communicate more specifically what an issuer should do to issue a credible green bond within Asia. Sustainalytics is of the opinion that the Singapore Power Limited Green Bond Framework aligns with the ASEAN Green Bond Standards 2018. See Appendix 3: Alignment to the ASEAN Green Bond Standards.

Section 2: Sustainability Strategy of SP Group

Contribution of framework to Singapore Power Limited 's sustainability strategy

Sustainalytics is of the opinion that SP Group demonstrates commitment to sustainability with a focus on three key environmental areas: (i) Energy Efficiency, (ii) Renewable Energy, (iii) Energy Access.

Coming from the energy utilities sector, SP Group's sustainability strategy is anchored around SDG 7, affordable and clean energy. The Company has identified three strategic areas to achieve the targets of SDG 7: Network Reliability, Innovation and Customer Empowerment.¹⁰ Part of the strategy is the "30-30-30" target which comprises a 30% carbon footprint reduction by 2030 (FY2018/2019 has been set as the baseline year) To achieve that goal, the Company identified industry collaboration in energy technology and investments in energy infrastructure as the key enablers.¹¹As an example, SP Group is providing the Singapore Institute of Technology with a multi-energy urban microgrid at the university's upcoming Punggol campus, enabling it to be the first microgrid in Southeast Asia.¹²

In 2019, the company undertook a data collection exercise to calculate the greenhouse gas emissions following the principles in the Greenhouse Gas Protocol.¹³The Greenhouse Gas Protocol establishes global standardized frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions.¹⁴ SP Group is measuring the absolute tons of CO₂ emissions for Scope 1 and Scope 2. In FY2019/2020 the company avoided CO₂ emissions of more than 29,000 tons of carbon dioxide equivalent. (tonnesCO₂e). The avoided emissions demonstrated a 19% increase compared to the baseline year of FY2018/2019.

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

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds and loans issued under the Framework will be directed towards eligible projects that are recognized by the GBP and GLP to have positive environmental impacts, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, community relations/stakeholder participation, land use and biodiversity issues associated with large-scale infrastructure development, and waste generated in construction.

SP Group has obtained Group-level certification on ISO 45001:2018 Occupational Health and Safety ("OHS") Management Systems which aims to enable organizations to provide safe and healthy workplaces by preventing work-related injury and ill health, eliminate hazards and risks, as well as by proactively improving its OHS performance. Furthermore, in order to ensure adequate workplace safety and health for contractors', the Company requires the implementation of the minimum bizSAFE Level 4 certification and safety requirements for its engineering, construction and building operations in Singapore. bizSAFE is a nationally recognized capability building program to help companies build workplace safety and health capabilities.¹⁵ In

¹⁰ Singapore Power Limited, "Sustainability Report", (FY2019/2020), at: [SP Group Sustainability Review FY2019-2020](#)

¹¹ Ibid

¹² Ibid

¹³ Ibid

¹⁴ Greenhouse Gas Protocol at: [About Us | Greenhouse Gas Protocol \(ghgprotocol.org\)](#)

¹⁵ SP Group at: [Procurement \(spgroup.com.sg\)](#)

addition, the Company established a Contractor Performance Management System to work with contractors to raise safety and quality standards. This framework adopts a holistic approach in reviewing contractors' overall performance and encourages contractors to improve their safety measures on a continuous basis.

Sustainalytics recognizes the importance of the above-mentioned risk mitigation measures in addressing health and safety risks and encourages the Company, where feasible, to implement and report on further measures to strengthen its risk management practices, especially in the areas of waste management, community relations, land use and biodiversity.

Section 3: Impact of Use of Proceeds

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

Importance of renewable energy and energy efficiency in the APAC region and Singapore

APAC countries account for about 53% of global GHG emissions with an increasing rate of 4% per year over the past two decades.¹⁶ The surge in energy emissions stems from an increased energy demand in APAC due to the population growth and urbanization in the region. The International Renewable Energy Agency (IRENA) states that more than 50% of global energy consumption comes from APAC countries of which 85% is originated from fossil fuels.¹⁷

The UN Economic and Social Council identified energy efficiency as vital to curbing the energy demand in APAC as it contributes largely to the potential for reducing GHG emissions. They suggest that policy frameworks would benefit from strengthening energy efficiency and encouraging the uptake of renewable energy.¹⁸ To allow for a successful energy transition in APAC, it is crucial to replace coal as the leading source of meeting the growing energy demand. From 2006 to 2016 the annual coal consumption in APAC increased by 3.1%¹⁹, indicating the importance of increasing the energy mix towards renewable energy projects to support the decarbonization of economies.

Singapore accounts for about 0.11% of global emissions and is ranked 14th out of 180 countries in the 2016 Environmental Performance Index (EPI), making it the top-ranked country in Asia.²⁰ The EPI ranks 180 countries on environmental health and ecosystem vitality.²¹ In 2015, Singapore pledged to reduce emissions intensity by 36% from 2005 levels by 2030 and stabilize emissions with the aim of peaking around 2030.²² Nevertheless, the country is a low-lying island state, which is vulnerable to several climate change consequences like flash floods, dry-spells and rising sea levels. Therefore, in 2016, Singapore announced the *Climate Action Plan: Take Action Today, for a Carbon-Efficient Singapore* outlining four strategies: 1) improving energy efficiency, 2) reduce carbon emissions from power generation, 3) develop and demonstrate cutting-edge low-carbon technologies and 4) collective action of government agencies, individuals, business and the community. The country's GHG emissions in 2012 were 49 million tons CO₂-equivalent. The largest shares of primary emissions come from power (43%), industry (41%) and transport (15%).²³ For the emissions coming from power, over 95% of Singapore's electricity is generated through natural gas and it will continue to be a dominant fuel for the country in the near future (status 2020). In addition, Singapore is switching to renewable energy such as solar and is exploring ways to tap on regional power grids. Moreover, the country is looking into emerging renewable energy solutions such carbon capture, hydrogen and utilization and storage.²⁴

Sustainalytics considers that SP Group's investments in energy efficiency and renewable energy will contribute to enhancing Asia's and Singapore's position as a low-carbon economy.

¹⁶ UN ESCAP, "The Economics of Climate Change in the Asia-Pacific Region", (2016), at:

<https://www.unescap.org/sites/default/files/The%20Economics%20of%20Climate%20Change%20in%20the%20Asia-Pacific%20region.pdf>

¹⁷ IRENA, "Asia and Pacific", at: <https://www.irena.org/asiapacific>

¹⁸ UN Economic and Social Council, "Energy transition in Asia and the Pacific", (2018), at: [Energy transition in Asia and the Pacific: pathways to ensure access to affordable, reliable, sustainable and modern energy for all \(unescap.org\)](#)

¹⁹ UN ESCAP, "Economic and Social Survey of Asia and the Pacific 2020", (2020), at:

<https://www.unescap.org/sites/default/files/publications/Economic%20and%20Social%20Survey%20of%20Asia%20and%20the%20Pacific%202020%20Towards%20sustainable%20economies.pdf#page=27>

²⁰ National Climate Change Secretariat, "Singapore's Climate Action Plan", (2016), at: [1545Climate_Action_Plan_Publication_Part_1.pdf \(un.org\)](#)

²¹ Environmental Performance Index at: [Welcome | Environmental Performance Index \(yale.edu\)](#)

²² National Climate Change Secretariat, "Singapore's Climate Action Plan", (2016), at: [1545Climate_Action_Plan_Publication_Part_1.pdf \(un.org\)](#)

²³ Ibid

²⁴ Energy Market Authority at: [The Future of Singapore's Energy Story | EMA Singapore](#)

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. Sustainalytics is of the opinion that the bonds and loans issued under the Green Financing Framework advances the following SDG and targets:

Use of Proceeds Category	SDG	SDG target
Clean 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.
Energy Efficiency	7. Affordable and Clean Energy	7.3. By 2030, double the global rate of improvement in energy efficiency.
	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
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
Renewable Energy	7. Affordable and Clean Energy	7.1. By 2030, ensure universal access to affordable, reliable and modern energy services.
	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

Conclusion


Singapore Power Limited has developed the Green Financing Framework under which it will issue green financing instruments and the use of proceeds to finance or refinance Clean Transportation, Energy Efficiency, Green Buildings, Renewable Energy projects. Sustainalytics considers that the projects funded by the proceeds can be expected to improve energy efficiency and reduce the carbon footprint of the Company's and its customers' operations.

The 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 Green Financing Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics is of the opinion that SP Group has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Singapore Power Limited is well-positioned to issue green financing instruments and that the Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018, Green Loan Principles 2020 and ASEAN Green Bond Standards.

Appendices

Appendix 1: Singapore BCA Green Mark Certification Scheme

	Singapore BCA Green Mark ²⁸
Background	The BCA Green Mark Scheme provides real estate certifications in Singapore to promote sustainability in the built environment during project conceptualisation and design, as well as during construction.
Certification levels	Certified Gold Gold ^{Plus} Platinum
Areas of Assessment	<ul style="list-style-type: none"> • Climate Responsive Design • Building Energy Performance • Resource Stewardship • Smart and Healthy Buildings • Advanced Green Efforts
Requirements	<p>Prerequisites (independent of level of certification) and point score.</p> <p>Prerequisites for each performance area to demonstrate minimum criteria met.</p> <p>Numerical scores achieved in accordance with the criteria in each performance area. Performance Areas have different weights.</p> <p>Depending on the level of building performance and numerical score achieved in performance area, building's level of certification is determined.</p> <p>Assessment of compliance with Green Mark criteria is done by the Singapore Building and Construction Authority (BCA).</p>
Performance display	

Appendix 2: Alignment to the ASEAN Green Bond Standards

ASEAN Green Bond Standards' Criteria	Alignment with ASEAN GBS	Sustainalytics' comments on alignment with the ASEAN Green Bond Standards.
Eligibility	Yes	The AGBS requires that issuers must be located in or that the proceeds be directed to assets in an ASEAN country. As a Singapore -based institution, Singapore Power Group qualifies.
Use of Proceeds	Yes	The AGBS offers specific clarification that fossil fuel power generation projects are excluded; Singapore Power Limited has confirmed that net proceeds are excluded from the Framework and should not be used towards financing or refinancing of fossil fuel related assets and activities.

Process for Project Evaluation and Selection	Yes	The AGBS specifies information that must be clearly communicated to investors before issuance regarding project selection. Within its framework, Singapore Power has described that the company's Treasury team will select projects, and that its Chief Financial Officer will make the final approval.
Management of Proceeds	Yes	The AGBS mandates that proceeds must be appropriately tracked and that temporary investments be disclosed. Within its framework, Singapore Power disclosed that the green finance instruments will be managed and tracked by an internal system, where Eligible Projects will be added to the extent required to ensure that an amount equal to the net proceeds from outstanding Green Financing Instruments will be allocated to projects until maturity of the instruments. Pending full allocation, the unallocated green bond proceeds will be held in cash or cash equivalents.
Reporting	Yes	The AGBS requires annual reporting on the allocation of funds and the expected impacts. Singapore Power states that it will provide an annual allocation report until full allocation and commits to report on the impact of the use of proceeds, where feasible, on an annual basis.
Annual Review	Yes	The AGBS encourages, but does not require, annual reviews. The Company intends to report on the allocation and impact of proceeds on its website on an annual basis, while noting that there is no primary intention to engage an external auditor to provide independent verification on reporting.

Appendix 3: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Singapore Power Limited
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 24, 2021
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:

- | | |
|--|--|
| <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 - Clean Transportation, Energy Efficiency, Green Buildings, Renewable Energy – are aligned with those recognized by the Green Bond Principles 2018, the Green Loan Principles 2020 and ASEAN Green Bond Standards. Sustainalytics considers that the eligible categories are expected to improve energy efficiency and reduce the carbon footprint of the Company's and its customers' operations which are primarily based in Asia currently and advance the UN Sustainable Development Goals (SDGs), specifically SDGs 7, 9 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 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):

SP Group's Treasury Team will be responsible for identifying, selecting and monitoring Eligible Projects. The team will be responsible for ensuring that selected projects are aligned with the Framework eligibility criteria. The final approval will be made by the Chief Financial Officer. Sustainalytics considers the project selection process 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 type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

SP Group uses an internal register to track the net proceeds from green bonds and loans, managed by the Treasury Team. Pending full allocation, any unallocated proceeds will be invested in cash, cash equivalents or liquid marketable instruments at SP Group's discretion, as per SP Group's treasury policy. This is aligned with current market practices.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green 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 (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

The Company intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include (i) the amounts allocated in the respective Eligible Green Categories, (ii) description of key Eligible Projects funded by the Green Financing Instrument proceeds, (iii) the proportion of new financing versus refinancing, and (iv) the balance of unallocated proceeds. In addition, SP Group is committed to reporting on relevant impact metrics. Sustainalytics views Singapore Power Limited's allocation and impact reporting as aligned with market practice.

Use of proceeds 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 checked="" type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>):
description of key Eligible Projects funded by the Green Financing Instrument proceeds, the proportion of new financing versus refinancing and the balance of unallocated proceeds | |

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 checked="" 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 checked="" type="checkbox"/> Other ESG indicators (please specify): Where feasible, number of charging points installed, number of clean vehicles in fleet, number of buildings connected to district cooling network, energy efficiency factor, installed capacity (RT), number of green buildings certified, energy performance and renewable energy generation. |

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): Company'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 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

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

Copyright ©2021 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. The firm 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. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

