

Framework Announcement: Moody's Seeks Feedback on Proposed Assessment Framework for Providing Second Party Opinions on Sustainable Debt

New York, September 1, 2022 -- Moody's Investors Service ("MIS") is seeking feedback from market participants on a proposed new assessment framework for providing Second Party Opinions (SPOs) on sustainable debt. This Request for Feedback is related to the intended transfer of Moody's SPO business, including analytical staff, from Moody's ESG Solutions Group, which currently provides SPOs, to MIS.

This Request for Feedback describes how MIS proposes to provide SPOs on green-, social- and sustainability-labeled financial instruments (e.g., bonds or loans) or financing frameworks that follow either a use-of-proceeds or sustainability-linked approach.

The three key components of MIS's proposed SPO assessment framework are:

- -Alignment with Principles Score: Indicates MIS's opinion of the extent to which a financial instrument or financing framework aligns with green, social or sustainability principles, as applicable, and with MIS-identified best practices. The extent of alignment is typically driven by the level of transparency and accountability identified in the financial instrument or financing framework documentation for sustainability matters. This score is expressed on a four-point scale.
- -Contribution to Sustainability Score: Indicates MIS's opinion of the expected contribution of projects or assets financed by the proceeds, or key performance targets, to the issuer's advancement of long-term sustainable development. It takes into account the management of Environmental, Social and Governance (ESG) externalities related to projects or activities to be financed and the coherence of the financial instrument or financing framework's objectives with the sustainability characteristics of the issuer. This score is expressed on a five-point scale.
- -Overall Sustainability Quality Score: Combines the Alignment with Principles Score and the Contribution to Sustainability Score to indicate MIS's opinion of the overall sustainability quality of a financial instrument or financing framework. This overall score is expressed on a five-point scale ranging from SQS1 (excellent) to SQS5 (very weak).

MIS SPOs and their underlying scores will reflect point-in-time analyses which can be updated upon request by the issuer. They are intended to provide an additional tool for market participants to use in conducting their own analysis.

This press release is not intended to provide a summary of the proposed update to the framework in the RFF. For a full explanation of the proposal, please consult Moody's Request for Feedback titled Proposed Framework to Provide Second Party Opinions on Sustainable Debt that can be found here: http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1322753

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