

SECOND PARTY OPINION¹

ON THE SUSTAINABILITY OF PEARSON'S SOCIAL BOND

May 2020

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (hereafter the "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Social Bond (the "Bond") to be issued by Pearson (the "Issuer") in compliance with the Social Bond Framework (the "Framework") created to govern their issuance.

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the ICMA's Social Bond Principles (the "SBP") voluntary guidelines edited in June 2018.

Our opinion is based on the review of the following components:

- 1) **Issuer:** we assessed the Issuer's ESG performance (evaluated in September 2019), its management of potential stakeholders-related ESG controversies and its involvement in controversial activities².
- 2) **Issuance:** we assessed the bond issuance, including the coherence between the Framework and the Issuer's social commitments, the Bond's potential contribution to sustainability and its alignment with the four core components of the SBP 2018.

Our sources of information are multichannel, combining data from (i) public information gathered from public sources, press content providers and stakeholders, (ii) information from Vigeo Eiris exclusive ESG rating database, and (iii) information provided by the Issuer.

We carried out our due diligence assessment from August 5th, 2019 to May 12th, 2020. We consider that we were provided with access to all the appropriate documents we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that Pearson's Social Bond is aligned with the four core components of the Social Bond Principles 2018.

We express a reasonable assurance³ (our highest level of assurance) on the Issuer's commitments and on the Bond's potential contribution to sustainability.

1) Issuer (see Part I) :

- ▶ As of September 2019, Pearson displays an overall robust ESG performance, ranking 1st in our "Publishing" sector which covers 22 companies. The Issuer's managerial approach appears advanced in the Environmental and Governance pillars and good in the Social pillar.
- ▶ As of today, Pearson is facing two controversies, one related to Human Rights (criterion Fundamental Human Rights) and one related to Human Rights (criterion Fundamental Human Rights), Corporate Governance (criterion Audit and internal controls) and Business Behaviour (criterion Responsible Customer Relations) domains. The frequency of the controversies is considered isolated. The severity of their impact on both the company and its stakeholders is considered overall high. Pearson is considered remediative and its risk mitigation is good.
- ▶ The Issuer is involved in 1 of the 17 controversial activities screened under our methodology, namely: minor involvement in Military (specialist training for military organisations). Pearson is not involved in any of the other 16 controversial activities screened under Vigeo Eiris methodology.

2) Issuance (see Part II) :

The Issuer has described the main characteristics of the Bond within a formalized Social Bond Framework which covers the four core components of the SBP 2018 (the last updated version of the Framework was provided to Vigeo Eiris on May 11th, 2020).

¹ This opinion is to be considered as the "Second Party Opinion" described in the SBP voluntary guidelines (June 2018 Edition) edited by the International Capital Market Association (www.icmagroup.org).

² The 17 controversial activities analysed by Vigeo Eiris are: Alcohol, Cannabis, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Human Embryonic Stem Cells, Reproductive medicine, and Tobacco.

³ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section).

In addition, the Issuer has committed to make this document and the SPO publicly accessible on Pearson's website before the Bond's issuance date, in line with good market practices.

We are of the opinion that the Framework is coherent with Pearson's main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieving its sustainable development commitments.

Use of Proceeds

- ▶ The net proceeds of the Bond will exclusively finance or refinance, in whole or in part, projects and expenditures ("Eligible Projects and Expenditures") falling under two Eligible Categories, namely: (i) Access to essential services and education; (ii) Socioeconomic advancement and empowerment. The Eligible Categories are formalized in the Framework and considered clearly defined. Of note, for their inaugural Bond, the Issuer has already selected a list of three Eligible Projects, which fall into the following categories: (i) Access to essential services and education and (ii) Socioeconomic advancement and empowerment.
- ▶ The Eligible Categories are intended to contribute to two main social objectives, namely: Access to education and Socioeconomic development. These objectives are considered clearly defined and relevant.
- ▶ The target populations that will benefit from the Eligible Categories have been clearly defined, namely: undereducated, underserved learners and communities, people living below the poverty line, people with disabilities and unemployed, especially from the US and UK, developing countries as defined by the Organisation for Economic Co-operation and Development (OECD).
- ▶ The Eligible Categories are considered to provide clear social benefits. The Issuer has committed to assess and, where feasible, quantify the expected social benefits of the Bond issued. An area for improvement consists in defining ex-ante quantified social benefits for each Eligible Category.
- ▶ In addition, the Eligible Categories are likely to contribute to three of the United Nations' Sustainable Development Goals ("SDGs"), namely : Goal 4. Quality Education, Goal 8. Decent Work and Economic Growth and Goal 10. Reduced Inequalities.
- ▶ The Issuer has not communicated on the expected share of refinancing for its issuance but commits to (i) prioritise new financing over refinancing and (ii) communicate on the share of refinancing in its annual reporting. The Issuer has committed that, in case of refinancing, a look-back period of maximum 24 months prior to the Bond's issuance date will be applied, in line with good market practices.

Process for Projects Evaluation and Selection

- ▶ The governance and the process for the evaluation and selection of the Eligible Projects and Expenditures are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.
- ▶ The process relies on explicit eligibility criteria (selection and exclusion), relevant to the social objectives of the Bond.
- ▶ The identification and management of the environmental and social risks associated with the Eligible Projects and Expenditures are considered good.

Management of Proceeds

- ▶ The rules for the management of proceeds are clearly defined and will be verified. We consider that they will enable a documented and transparent allocation process.

Reporting

- ▶ The reporting process and commitments appear to be good, covering both the funds allocation and the social benefits of the Eligible Projects and Expenditures.

Pearson has committed that its Social Bond will be supported by external reviews:

- A pre-issuance consultant review: the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Bond, based on pre-issuance assessment and commitments, to be made publicly accessible by the Issuer on its website⁴.
- A post-issuance consultant review: if any material change is made in the Framework, the Issuer is committed to get a post-issuance review.
- An annual verification: conducted by an independent third party to verify: (i) the compliance of assets financed by the Social Bond proceeds with eligibility criteria defined in the Use of Proceeds section of the Framework (ii) the amount allocated to each Eligible Project Category defined under the Use of Proceeds and (iii) the adherence to the management of proceed process described under this section. The external reviewer's report will be published on Pearson's Investor Relations website.

This Second Party Opinion is based on the review of the information provided by the Issuer, according to our exclusive assessment methodology and to the SBP voluntary guidelines (June 2018). Pearson acknowledges that in case of changes of such standards and market practices and expectations, VIGEO EIRIS shall exclude any liability regarding the use of the concerned Second Party Opinion and its compliance with then-current standards and market practices and expectations.

Paris, May 12th, 2020

Project team

Mabel Gonzalez
Sustainability Consultant

Mohana McGartland
Sustainability Consultant

Muriel Caton
*Senior Advisor
Supervisor*

For more information, contact:

Sustainable Finance Team

VEsustainablefinance@vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not carried out any audit mission or consultancy activity for Pearson. No established relation (financial or commercial) exists between Vigeo Eiris and the Issuer.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

Restriction on distribution and use of this opinion: The deliverables remain the property of Vigeo Eiris. The draft version of the Second Party Opinion by Vigeo Eiris is for information purpose only and shall not be disclosed by the client. Vigeo Eiris grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond(s) issuance. The Issuer acknowledges and agrees that Vigeo Eiris reserves the right to publish the final version of the Second Party Opinion on Vigeo Eiris' website and on Vigeo Eiris' internal and external communication supporting documents.

⁴ <https://www.pearson.com/corporate/investors.html>

DETAILED RESULTS

Part I. ISSUER

Pearson plc specializes in book publishing, namely educational books, higher education books and professional training books. The Company also offers educational evaluation services and on-line teaching services.

Level of ESG performance

As of September 2019, Pearson displays an overall robust ESG performance ranking 1st in our “Publishing” sector which covers 22 companies. To be noted that, since its rating in September 2019, Pearson has introduced a new 2030 Sustainability Strategy with new underlying environmental and social targets. The Issuer’s new sustainability strategy is reflected in the *Coherence of the issuance* sub-section (page 6).

Domain	Comments	Opinion
Environment	<p>Pearson’s performance in the Environment pillar is advanced.</p> <p>Regarding its environmental strategy; the Issuer has formalised a commitment to environmental protection in its Environmental Policy. The Company has set up targets regarding its energy consumption, related CO2 emissions, and recycling rate. Pearson reports that it has established an ISO 14001 certified environmental management system (EMS) covering the company’s operations in the UK and in Australia, which encompasses an environmental manual specifying procedures and responsibilities and internal audits to assess the effectiveness of the EMS.</p>	Advanced
	<p>Regarding its impacts from energy use, Pearson reports that it aims to reduce its energy use in its buildings by 50% by 2020, compared to 2013 figures and reduce its CO2 emissions (Scope 1 and 2) by 50% by 2020, compared to 2009 figures. The Company reports that 100% of its electricity comes from renewable sources and that it generates its own renewable electricity at four Company sites. Pearson reports that some of its buildings have been certified under the LEED standard and that since 2016 it established an ISO 50001 certified energy management system. In terms of results, Pearson’s energy consumption and related CO2 emissions have both decreased between 2013 and 2017 (respectively by 42% and 41%).</p>	Good
	<p>Regarding waste management, the Company has set the following targets at group level: maintain its reuse/recycle rate for all unsold books in excess at 95% (the Company states that this target has been achieved since 2003 and maintained as a priority for the Company) and achieving zero waste to landfill (in the context of the Circular Economy model, the Company reports that it aims to close the loop on all its products and services by 2020). In addition, Pearson reports that it has implemented a recycling programme for unsold books and newsprint in excess. In terms of results, the company’s non-hazardous waste production has decreased by 50% between 2013 and 2017 and the rate of reuse/recycle unsold books has remain stable at around 98% during the same period.</p>	Limited
	<p>Finally, in terms of integration of environmental factors in the supply chain, the Issuer has formalised a commitment in its Business Partner Code of Conduct and in its Paper Purchasing Policy. In addition, Pearson has set up the following targets: reduce the number of metric tonnes of paper used to generate GBP 1 million of revenue by 80% by 2020, compared to 2018 figures and achieve 75% of total fibres purchased by the Company to carry Forest Stewardship Council (FSC) certification by 2020. Pearson is also a signatory of the Book Chain Project Initiative.</p>	Weak
Social	<p>Pearson’s performance in the Social pillar is good.</p> <p>The Company formally commits to respect and promote human rights and is a signatory of the Global Compact. Pearson reports conducting awareness-raising programmes for employees and human rights impact assessments on its primary lines of business, operations, partnerships and supply chain. Concerning respect for freedom of association and the right to collective bargaining, the company has issued a formalised commitment, however it is not clear how this topic is monitored throughout the Company’s operations. Pearson’s formalised commitment to prevent discrimination appears to be supported by measures that include awareness raising programmes, job sharing initiatives, affirmative action programmes, monitoring of salary disparities and confidential report system / grievance procedures. The share of women in the workforce increased between 2014 and 2018, to stand at 62%.</p>	Advanced
	<p>The Company makes reference to labour rights in Annual Report and Account. In addition, Pearson has established a Group European Employee Forum. However, the share of employees covered is not disclosed. Pearson has formalised commitments to address health and safety issues in its Health and Safety Policy and Code of Conduct. Its commitments appear to be supported by measures that include: an OHSAS 18001 certified H&S system, awareness raising programmes, internal monitoring, risk assessments and internal H&S audits. In terms of results, the incident rate has decreased by 14% between 2016 and 2018 and the number of work-related illness cases has decreased by 33% between 2015 and 2017. The Company reports that its employees receive regular performance and career development review and that training programmes are offered to enable them to develop additional skills. Pearson reports that measures have been allocated to prevent and manage reorganisation responsibly including financial compensation, internal mobility programmes and placements services.</p>	Good
	<p>Regarding Community Involvement the Issuer commits to address the accessibility of its products and services and has implemented measures including the development of specific products for low-income population and people with special needs. Pearson also supports general interest causes through financial support, in kind donations and sponsoring employee volunteering.</p>	Limited
	<p>Regarding Community Involvement the Issuer commits to address the accessibility of its products and services and has implemented measures including the development of specific products for low-income population and people with special needs. Pearson also supports general interest causes through financial support, in kind donations and sponsoring employee volunteering.</p>	Weak

Governance	<p>Pearson's performance in the Governance pillar is advanced.</p> <p>Pearson's Board of Directors has a relatively high level of diversity and independence (83%) and at least 30% of the Board members are women. The roles of CEO and Chairman are separated and the latter is considered independent. Regular meetings are held and the attendance rate is of 100%. In addition, the Company reports that in 2017, the Board's performance was evaluated by an external party.</p> <p>All members of the Audit Committee are considered independent. The Committee has a comprehensive role in overseeing internal and external controls.</p> <p>Pearson reports on the implementation of a confidential whistleblowing system which enables the Company to comply with the United Kingdom and the United States corporate governance requirements relating to the reporting of fraud, related to accounting, auditing and financial reporting matters.</p> <p>The Company respects the "one share - one vote" principle; however major restrictions have been identified to convene an EGM. Pearson is transparent on the rules guiding the allocation of short and long-term incentives for executives.</p> <p>Concerning Business Ethics, Pearson formally commits to preventing corruption and to ensure journalistic integrity, and reports on supporting measures that include approval procedures for gift and the possibility to contact internal audit, legal or compliance department directly & confidentiality. Moreover, the Company reports offering training on its Anti-Bribery and Corruption Policy to employees, using a risk-based approach. In addition, Pearson reports that Local Compliance Officers are responsible for communicating and training employees on its Gifts and Hospitality Policy. The Company has issued a formalised commitment to prevent anti-competitive practices; however, supporting measures do not appear to go beyond reporting systems.</p>	Advanced
		Good
		Limited
		Weak

Management of stakeholders-related ESG controversies

As of today, Pearson is facing two stakeholder-related ESG controversies, linked to three of the six domains we analyse:

- Human Rights, in the criterion "Fundamental Human Rights"
- Human Rights (criterion Fundamental Human Rights), Corporate Governance (criterion Audit and internal controls) and Business Behaviour (criterion Responsible Customer Relations)

Frequency: On average, the controversies are considered isolated, in line with the sector average.

Severity: The severity of their impact on both the company and its stakeholders is considered overall high – in line with the sector average.

Responsiveness: Pearson is overall remediative. The Issuer reports in a detailed way on its position on the case of high severity and is reactive on the case of significant severity.

Involvement in controversial activities

The Issuer is involved in 1 of the 17 controversial activities screened under our methodology namely:

- Minor involvement in Military: Pearson states that it has an estimated turnover from military sales which is below 0.5% of total turnover. This turnover is derived from the provision of specialist training for military organisations. For example, as part of the Holdfast Consortium, Pearson TQ was awarded in 2008 a 30-year contract to provide technical training for the British Army's Royal School of Military Engineering (RSME). RSME includes the Defence Explosive Ordnance Disposal, Munitions and Search Training Regiment, the Defence Chemical, Biological, Radiation and Nuclear Centre and other units. These are classified by Vigeo Eiris as Other military parts or services.

Pearson is not involved in any of the other 16 controversial activities screened under Vigeo Eiris methodology, namely: Alcohol, Cannabis, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels Industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Nuclear Power, Pornography, Human Embryonic Stem Cells, Reproductive Medicine and Tobacco.

The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Part II. ISSUANCE

Coherence of the issuance

Context note: The Publishing sector has the potential to inform the public on sustainability issues (social, societal, ecological etc.), to create platforms to give expression to disadvantaged communities and to create education initiatives (such as providing access to books for people who cannot afford this expense). In addition, the Publishing sector has the potential to use its know-how, products and infrastructure to promote access to information for all. Another important point relevant to the Publishing industry is the access and adaptability of products to physically challenged populations or populations with disabilities.

We are of the opinion that the Framework is coherent with Pearson’s main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieving its sustainable development commitments.

Pearson appears to acknowledge its role in providing solutions to support access to essential education services, to socioeconomic advancement and empowerment and employment generation.

- In 2019, Pearson has introduced a new 2030 Sustainability Strategy structured around 3 main pillars:
 - 1) Advance equity learning by helping to overcome barriers to lifelong learning, from socio-economic hurdles to equity and health challenges;
 - 2) Build skills for sustainable futures by using Pearson’s skills, assets and partnerships to equip people with the technical skills, knowledge, creativity and resilience needed to achieve the UN SDGs;
 - 3) Lead by example by continuing to focus on building the foundations for a sustainable business, such as its commitments to respect human rights and minimise environmental impacts across its value chain.

- In addition, Pearson’s 2020 Sustainability Plan is focused on three pillars:
 - 1) Reaching more learners by improving access to and affordability of products and services and collaborating to reach underserved learners;
 - 2) Shaping the future of learning by building skills that foster employability and inclusive economic growth, promoting education for sustainable development and engaging in multi-stakeholder research, dialogue and collective action to solve global challenges;
 - 3) Being a trusted partner and supporting its commitment to the UN by respecting and supporting its people, customers and communities, protect its natural environment and building a sustainable supply chain.

To be noted that, in its Sustainability & ESG Supplement 2019, the Issuer has reviewed its 2020 targets and has made good progress.

By issuing a Social Bond intended to finance or refinance projects or expenditures related to supporting access to essential education services, socioeconomic advancement and empowerment, and employment generation, the Issuer coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of sustainable development.

Use of Proceeds

The net proceeds of the Bond will exclusively finance or refinance, in whole or in part, projects and expenditures (“Eligible Projects and Expenditures”) falling under two Eligible Categories, namely: (i) Access to essential services and education; (ii) Socioeconomic advancement and empowerment. The Eligible Categories are formalized in the Framework and considered clearly defined. Of note, for their inaugural Bond, the Issuer has already selected a list of three Eligible Projects, which fall into the following categories: (i) Access to essential services and education and (ii) Socioeconomic advancement and empowerment.

The Eligible Categories are intended to contribute to two main social objectives, namely: Access to education and Socioeconomic development. These objectives are considered clearly defined and relevant.

The target populations that will benefit from the Eligible Categories have been clearly defined, namely: undereducated, underserved learners and communities, people living below the poverty line, people with disabilities and unemployed, especially from the US and UK, developing countries as defined by the Organisation for Economic Co-operation and Development (OECD).

The Eligible Categories are considered to provide clear social benefits. The Issuer has committed to assess and, where feasible, quantify the expected social benefits of the Bond issued. An area for improvement consists in defining ex-ante quantified social benefits for each Eligible Category.

The Issuer has not communicated on the expected share of refinancing for its issuance but commits to (i) prioritise new financing over refinancing and (ii) communicate on the share of refinancing in its annual reporting. The Issuer has committed that, in case of refinancing, a look-back period of maximum 24 months prior to the Bond’s issuance date will be applied, in line with good market practices.

Pearson's Social Bond Framework			Vigeo Eiris' Analysis
Eligible Category	Definition	Objectives and benefits	
Access to essential services and education	<p>Teaching, technology, student materials and curriculum development for the provision of free online education services through the Connections Academy⁵:</p> <ul style="list-style-type: none"> Curriculum and product development for alternative secondary education credential and foundational learning to enable progress in post-secondary education, through GED⁶ program <p><u>Target population</u>: undereducated, underserved learners, living below the poverty line, people with disabilities and unemployed, specially from the US and UK (main target of Pearson's first Social Bond issuance)⁷.</p> <p>*Underserved groups include also low-income learners, rural learners, first-generation college students, students who do not speak the dominant language, people with disabilities, underrepresented minorities, and adult learners and others facing personal constraints, such as the need to balance education with work and family responsibilities.</p>	<p>Access to education</p> <p><i>Increasing the number of people accessing free online education services</i></p>	<p>The definition of this category is clear.</p> <p>The objective has been formalized in the Framework, and is considered clearly defined and relevant.</p> <p>The target populations are clearly defined.</p> <p>Eligible Projects have the potential to provide clear social benefits which will be assessed and, where feasible, quantified by the Issuer.</p>
Socioeconomic advancement and empowerment	<p>Development of vocational certification services for underserved and underemployed learners, through the BTEC⁸ vocational qualification:</p> <ul style="list-style-type: none"> Teaching, technology, and curriculum development for the provision of free adult learning services, including the Accelerated Pathways product Curriculum and product adaptation in order to ensure accessibility of Pearson's products to people with disabilities <p><u>Target population</u>: people with disabilities, underserved and underemployed learners, developing countries as defined by the OECD⁹.</p>	<p>Access to education</p> <p><i>Increasing the number of people accessing education services</i></p>	<p>The definition of this category is clear.</p> <p>The objective has been formalized in the Framework and is considered clearly defined and relevant.</p> <p>The target populations are clearly defined.</p> <p>Eligible Projects have the potential to provide clear social benefits which will be assessed and, where feasible, quantified by the Issuer.</p>

⁵ The Connections online K-12 education business provides high quality education to all, free to the user and those completing achieve as a minimum the required skills in maths and English (<https://www.pearson.com/corporate/efficacy-and-research/reports/connections-academy.html>)

⁶ GED, accelerated pathways and functional skills help learners over 16 to achieve the qualifications to progress in education or to be considered eligible for many roles (such as the required skill levels in maths and English).

⁷ The definition of target population can vary depending on local contexts. It should be noted that such target population(s) may also be served by addressing the general public

⁸ BTEC provides high quality vocational education, free to the learner, enabling students to progress further through education or to make progress in their career.

⁹ <https://stats.oecd.org/glossary/detail.asp?ID=6326>

For its first Social Bond issuance, Pearson intends to finance the following Eligible Projects:

Eligible Category	Eligible Project	Characteristics
Access to essential services and education	Connections Program: Teaching, technology, student materials and curriculum development for the provision of free online education services through the Connections Academy	Eligible spend will be towards direct school costs, student direct curriculum (books and laptops), teaching services, technology development (capex) and curriculum development (capex).
	GED Program : Curriculum and product development for remedial education services in Maths, Education, and Technology	Eligible spend includes operating and capital expenditures.
Socioeconomic advancement and empowerment	BTEC Program: Development of vocational certification services in developing countries as defined by the OECD.	Spending on Functional skills in the BTEC division, covering learners who haven't yet achieved the required levels in functional skills Level 2 BTECs, covering students who would meet the category of re-skilling candidates International spend (if any).

In addition, the Eligible Categories are likely to contribute to three of the United Nations' Sustainable Development Goals ("SDGs"), namely : Goal 4. Quality Education, Goal 8. Decent Work and Economic Growth and Goal 10. Reduced Inequalities.



Eligible Categories	SDG	SDG Targets
Access to essential services and education	SDG 4. Good Health and Well-Being	4.1 ; 4.3 ; 4.4
	SDG 8. Reduced Inequalities	8.6
Socioeconomic advancement and empowerment	SDG 4. No Poverty	4.4 ; 4.5
	SDG 8. Decent Work and Economic Growth	8.5 ; 8.6
	SDG 10. Reduced Inequalities	10.2

Process for Projects Evaluation and Selection

The governance and the process for the evaluation and selection of the Eligible Projects and Expenditures are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.

The process for evaluation and selection of Eligible Projects and Expenditures is clearly defined.

The evaluation and selection process is based on relevant internal expertise, with well-defined roles and responsibilities:

- Pearson's Responsible Business Leadership Council (RBLC) is in charge of providing guidance and input on the company's sustainability strategy and activities and has approved Pearson's Social Bond Framework. Equally, it oversees the issuance of the Bond. The RBLC is composed of:
 - o Chief corporate affairs
 - o Global marketing officer
 - o 20 Seniors executives from all departments (HR, legal, operations, product, audit and compliance, efficacy and research, corporate affairs and marketing)
- The Issuer's Treasury team in collaboration with the Sustainability Team are responsible for identifying Eligible Projects and Expenditures, which are submitted to the RBLC for review.
- Eligible Projects and Expenditures will be screened by the RBLC to ensure their coherence with Pearson's sustainability policy. In addition, The RBLC will screen potential ESG risks under Pearson's existing policies on Anti-Bribery and Corruption, Data Privacy/Info Security and Health & Safety.
- The RBLC is also in charge of verifying the compliance of the Eligible Projects and Expenditures with the eligibility criteria and their alignment with advancement of the UN SDG targets, in order to approve the allocation of proceeds.
- In case an approved project ceases to meet the eligibility criteria or is involved in a material controversy over the lifetime of the Bond, the Treasury Team will be in charge of replacing the project with another Eligible Project or Expenditure. If a project or an expenditure is identified to be eligible again, it will be resubmitted to the RBLC and reapproved, allowing proceeds to be reallocated to this project or expenditure.
- The Sustainability Team is in charge of monitoring and reporting potential ESG controversies and determining if it impacts directly the learners of one of the projects funded by the bond. If that is the case, the Sustainability Team and local business teams will report to the RBLC on the material impact on the project's ability to provide a quality education. Any spend during the affected period will be deemed ineligible until the review is concluded and the issue is considered resolved.

The process relies on explicit eligibility criteria (selection and exclusion), relevant to the social objectives of the Bond.

- The eligibility requirements are based on the Eligible Projects and Expenditures' contribution to the advancement of UN's SDG 4 and to the definitions included in this Framework in the Use of Proceeds' section.
- Eligible Projects and Expenditures must comply with Pearson's Sustainability Policies and with required local regulations and permits.
- The Issuer is committed to exclude any project aimed at financing any activity within high extra financial risk sectors (tobacco, coal or non-conventional fossil fuels, night clubs, adult entertainment, gambling). Moreover, the Issuer has committed to refrain from engaging in commercial activities with economic actors which breach international Human and Labour Rights convention or Social agreements.
- Projects involved in social or environmental controversies are excluded. The Sustainability team will screen the projects for ESG risks, and it will be reported to the RBLC.

An area for improvement is to formalize the exclusion criteria within the Framework.

The traceability and verification are ensured throughout the process:

- The projects approved by the RBLC are recorded by the Treasury Team in an internal database, ensuring traceability.
- The RBLC will be responsible for ensuring that the proceeds of the Bond are allocated to Eligible Projects and Expenditures, thus ensuring internal verification.
- The compliance of the projects and expenditures financed by the Bond with the eligibility criteria will be subject to an external verification.

The identification and management of the environmental and social risks associated with the Eligible Projects and Expenditures are considered good.

The Issuer has formalized policies and procedures covering most environmental and social risks associated with the Eligible Projects and Expenditures. These policies apply to all operations financed by the Social Bond's proceeds.

- The Sustainability Team is responsible for reviewing the result of environmental and social risk evaluations conducted by the Project managers before submitting the projects to the Responsible Business Leadership Council (RBLC) team in charge of selecting the projects or expenditures to be financed with the Bond's proceeds.

Environmental risks

- Regarding the minimization of the environmental impact caused by the energy used and CO2 emissions generated by the Issuer's activities (server hosts and/or manufacturing of books), Pearson has implemented several measures such as reducing its energy consumption by rationalizing its portfolio and energy efficiency by 60% vs its 2009 baseline and offsetting the emissions generated from its fuel consumption and business travel. Equally, Pearson is committed to purchase 100% of electricity used from renewable sources and to generate its own renewable electricity at four of its sites.
- In 2018, the company was recertified against the Carbon Trust Standard which recognizes leadership in measuring, managing, and reducing year-on-year carbon emissions. In 2019, Pearson was named as one of the Global 100 Most Sustainable Corporations globally, which ranks large companies on their ESG performance, including its engagement to reduce carbon and waste and to offer sustainable products and services.
- As for the integration of environmental factors in the supply chain, Pearson is committed to work in collaboration with its suppliers to better understand the sustainability risks and opportunities associated with the carbon emissions generated by the products and services bought. The company has implemented a register system to monitor the environmental performance of suppliers, which includes over 90% of its printers by value. Global printers are subject to periodical surveys (every two years) to assess their use of a recognized environmental management system; their measurement and reduction policies for water, ink, solvents, alcohol, energy and waste and printers and operating companies are encouraged to effectively manage and reduce the release of volatile organic compounds (VOCs) present in inks and solvents, although no targets have been made publicly available.
- In 2018, over 1,550 potential suppliers in the UK, US, and Canada were vetted utilizing contracts with updated terms and conditions to ensure suppliers' compliance with Pearson's social, ethical, and environmental policies. In 2019, all Pearson's active suppliers will be expected to complete a third-party risk due diligence assessment aimed at maintaining standard levels of transparency across suppliers and at making sure they are better equipped to manage and mitigate risk exposure.
- The company has also formalized a policy on the sustainable sourcing of paper. As a result, 86% of the paper purchased in 2018 in the UK by Pearson has been certified to an environmental standard such as the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).

Social Risks

- As for the respect of privacy rights, the issuer has formalized policies covering key elements including editorial content, safeguarding and data privacy. Data privacy guidelines have been issued as well as controls to monitor the correct implementation of the engagements including Information Security and Data Privacy Offices, a risk management framework, a privacy impact assessment process, regular audits, and global training and awareness activities. Moreover, the issuer has received the ISO 27001 certification which evaluates the information security management system. Among the mechanisms designed by the company are strong encryption, patching, monitoring, and access controls.

- Pearson's 2020 Sustainability Strategy includes as one of its strategic goal to provide better customer experiences, eliminate duplication, and increase scalability in the long-term. Existing measures to improve customer experience include real-time monitoring of systems (for service disruptions) and reporting of operational performance; release of readiness reviews and a new structure to prevent fraud and incorrect orders placed by customers. In case of complaints, disputes or litigations, there is a formal procedure in place for each client segment including learners, teachers and administrators, work-based learning providers and assessment associates.
- To ensure the respect of labour rights, Pearson has formalized policies such as its Code of Conduct, stating its support to freedom of association and reports on the participation of employees. In 2018, Pearson published its first Human Rights Statement, reinforcing its commitment to prevent discriminatory, illegal, and inhumane labour practices including child labour, forced labour, slavery, and human trafficking. Equally, the company has implemented several measures to ensure the quality of working conditions, including benefit programs to facilitate work-life balance, wellbeing and security in case of disability and retirement, training and career development opportunities.
- To ensure the integration of social factors in the supply chain, Pearson has defined minimum standards for suppliers including the obligation to respect international labour standards such as freedom of association and quality of working conditions. The company has published a Modern Slavery Statement and complies with the UK Modern Slavery Act, which requires companies to specify measures taken to ensure that their business and supply chains are slavery free. Equally, Pearson is a founding member of Book Chain, a partnership between publishers to enhance industry standards relating to labour standards and human rights, product safety, and paper sourcing.
- To ensure the respect of business ethics principles, Pearson has an Anti-Bribery and Corruption Policy, released in 2016, a Code of Conduct, updated in 2018, and a Global Government Relations Policy, released in 2018. This document provides general guidance for government relations staff to avoid potential conflicts and ensures their work meets high standards of integrity, transparency and honesty regarding political activities and lobbying. Pearson also complies with national and local legislation regarding conflicts of interest.
- Pearson is certified against ISO 14001 in the UK and Australia and has incorporated both internal and external audit. In other sites, the company applies its own global environmental management system (EMS) based on ISO 14001 standards. Regarding supplier relationships, Pearson's responsible purchasing principles of behaviour are contractually enforceable. Equally, there is a global policy and approach for managing risk in its print supply chain, covering supplier risk assessments and visits, third-party audits, and remediation of compliance issues. The company is committed to eliminating all forms of child, forced, and compulsory labour, as well as promoting environmental stewardship and other standards covered by the UN Global Compact.

Management of Proceeds

The rules for the management of proceeds are clearly defined and will be verified. We consider that they will enable a documented and transparent allocation process.

The allocation and management of the proceeds are clearly defined:

- The net proceeds of the Bond will be credited to the Issuer's general treasury and will be allocated within 24 months after the issuance.
- In case of temporary unallocation of proceeds, funds are likely to be lent in the short term to operating companies to fund working capital and investment in the Issuer's education business until their allocation to eligible projects or expenditures.
- In case of projects postponement, cancellation, divestment or ineligibility in case of controversy, or in case an Eligible Project or Expenditure has matured, the Issuer has committed to replace the no longer Eligible Project or Expenditure by an alternative one. An area for improvement is to specify the maximum delay for reallocating the funds.

Traceability and verification of both tracking method and allocation of the proceeds, are ensured throughout the process :

- The Treasury Team has set up a dedicated tracking process enabling to monitor and account for the allocation of proceeds. The net proceeds of the Bonds will be earmarked against the pool of Eligible Projects and Expenditures, as described in the Framework.
- The Treasury team is responsible for verifying that the net proceeds match the Portfolio until the Bonds' maturity date.
- An independent third party will verify: (i) the compliance of assets financed by the Social Bond proceeds with eligibility criteria defined in the use of proceeds section of the Framework; (ii) the amount allocated to each of the Eligibility Criteria defined under the Use of Proceeds and (iii) the adherence to the management of proceed process described under this section.

Reporting

The reporting process and commitments appear to be good, covering both the funds allocation and the social benefits of the Eligible Projects and Expenditures.

The processes for monitoring, data collection, consolidation, validation and reporting is defined by the Issuer in the Framework and in internal documentation.

The process is structured and based on relevant internal expertise and involves relevant departments of the Issuer:

- The company's monitoring system will be used to monitor the financial aspects of the projects.
- The Responsible Business Leadership Council (RBLC) is in charge of the accurate reporting of both the allocation of proceeds and the impact reporting.
- The Treasury team is in charge of both the financial and extra-financial data. The team will be responsible for monitoring the allocation of proceeds data, collecting and validating the social benefits data and creating the Social Bond reports. The RBLC will monitor, review and validate this data. Equally, it will be responsible for reviewing and validating the annual reports.

The issuer has committed to report annually and until the proceeds' full allocation, and later in case of material changes. The reporting will be available on Pearson's Investor Relations website.

The Issuer has committed to transparently communicate at Project level:

- Allocation of proceeds: the selected reporting indicators on the fund's allocation are relevant.

Allocation indicators
- A list of the Eligible Projects and Expenditures financed (including Project name and location, SBP category, SDG alignment and target population)
- Absolute amount allocated
- Amount of available unallocated proceeds
- Share of financing or refinancing, per Eligible Project and Expenditure
- Share of total financing
- The type and amount of temporary placement of unallocated funds

- Social benefits: the selected reporting indicators are relevant to the social objectives and benefits of the Eligible Categories.

Eligible Category	Social benefits indicators	
	Output indicators	Impact indicators
Access to basic services and education	<i>Number of learners taking a course (by type of course)</i> <i>Number of learners completing a course</i>	<i>Increase of learners completing courses (%)</i>
Socioeconomic advancement and empowerment	<i>Number of learners taking a course (by type of course)</i> <i>Number of learners completing a course</i>	<i>Increase of learners completing courses (%)</i>

When feasible, Pearson has committed to provide additional case studies on the observed impact of its products and services. Equally, the Issuer is committed to report on how each project supports SDG.4. The Issuer has also committed to publicly disclosed in each annual report, the key methodologies and assumptions used to calculate the social benefits of Eligible Projects and Expenditures.

An area for improvement includes having an independent external verification of the reported information on the social benefits.

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the process and commitments applying to the intended issuance.

Vigeo Eiris' methodology for the definition and assessment of the corporation's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and is organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues have been adapted, based on the specificities of the Issuer's business activity.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Director of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Director of Sustainable Finance and/or the Director of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company, then the Director of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

Part I. ISSUER

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmark developed by Vigeo Eiris

Level of the Issuer's ESG performance

Pearson's ESG performance has been assessed by Vigeo Eiris on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as they are public, documented and traceable.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.

Part II. FRAMEWORK

The Framework has been evaluated by Vigeo Eiris according to the SBP 2018 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and of their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds or Loans standards. Vigeo Eiris evaluates the definition of the Eligible Categories, as well as the definition and the relevance of the aimed sustainability objectives. We evaluate the definition of the expected benefits in terms of assessment and quantification. In addition, we evaluate the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and relevance. The eligibility criteria have been assessed regarding their explicitness and relevance vs. the intended objectives of the Eligible Projects. The identification and management of the ESG risks associated with the Eligible Projects are analysed based on material issues considered in Vigeo Eiris' ESG assessment methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

The rules for the management of proceeds and the allocation process are evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

Reporting

Monitoring process and commitments, Reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable a transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed by the issuance. Vigeo Eiris has evaluated the reporting framework regarding its transparency, exhaustiveness and relevance.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organizations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organizations.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organizations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago de Chile.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com

Disclaimer

© 2020 Vigeo SAS and/or its licensors and subsidiaries (collectively, "Vigeo Eiris"). All rights reserved.

Vigeo Eiris provides its customers with data, information, research, analyses, reports, quantitative model-based scores, assessments and/or other opinions (collectively, "Research") with respect to the environmental, social and/or governance ("ESG") attributes and/or performance of individual issuers or with respect to sectors, activities, regions, stakeholders, states or specific themes.

VIGEO EIRIS'S RESEARCH DOES NOT ADDRESS NON-ESG FACTORS AND/OR RISKS, INCLUDING BUT NOT LIMITED TO: CREDIT RISK, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. VIGEO EIRIS'S RESEARCH DOES NOT CONSTITUTE STATEMENTS OF CURRENT OR HISTORICAL FACT. VIGEO EIRIS'S RESEARCH: (i) DOES NOT CONSTITUTE OR PROVIDE CREDIT RATINGS OR INVESTMENT OR FINANCIAL ADVICE; (ii) IS NOT AND DOES NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES; AND (iii) DOES NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. VIGEO EIRIS ISSUES ITS RESEARCH WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

VIGEO EIRIS'S RESEARCH IS NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE VIGEO EIRIS'S RESEARCH WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. VIGEO EIRIS'S RESEARCH IS NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT VIGEO EIRIS'S PRIOR WRITTEN CONSENT.

ALL INFORMATION CONTAINED HEREIN IS OBTAINED BY VIGEO EIRIS FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. BECAUSE OF THE POSSIBILITY OF HUMAN OR MECHANICAL ERROR AS WELL AS OTHER FACTORS, HOWEVER, ALL INFORMATION CONTAINED HEREIN IS PROVIDED "AS IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. VIGEO EIRIS IS NOT AN AUDITOR AND CANNOT IN EVERY INSTANCE INDEPENDENTLY VERIFY OR VALIDATE INFORMATION IT RECEIVES.

To the extent permitted by law, Vigeo Eiris and its directors, officers, employees, agents, representatives, licensors and suppliers (together, "**Vigeo Parties**") disclaim liability to any person or entity for any (a) indirect, special, consequential, or incidental losses or damages, and (b) direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded); on the part of, or any contingency within or beyond the control of any **Vigeo Party**, arising from or in connection with the information contained herein or the use of or inability to use any such information.

Additional terms For PRC only: Any Second Party Opinion or other opinion issued by Vigeo Eiris: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.