

SECOND PARTY OPINION

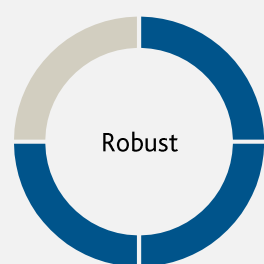
on the sustainability of American Express' Sustainable Financing Framework

Moody's ESG Solutions considers that American Express' Sustainable Financing Framework is aligned with the four core components of the ICMA's Green Bond Principles ("GBP") 2021 and Social Bond Principles ("SBP") 2021.



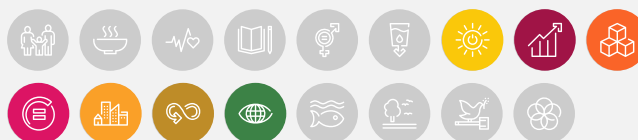
Framework

Contribution to Sustainability:



☒ Advanced
 ☐ Limited
 ☒ Robust
 ☐ Weak

SDG Mapping



	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

Characteristics of the Framework

Green and Social Project Categories	⇒ 3 Green Categories ⇒ 3 Social Categories
Project Locations	Worldwide where American Express has operations
Existence of Framework	Yes
Share of Refinancing	To be communicated before each issuance
Look-back Period	2 years

Issuer

ESG Controversies

Number of Controversies	Five
Frequency	Isolated
Severity	High
Responsiveness	Remediative

Controversial Activities

The Issuer appears to not be involved in any of the 17 controversial activities screened under our methodology:

- | | | | |
|---|--|---|---|
| <input type="checkbox"/> Alcohol | <input type="checkbox"/> Fossil fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Coal | <input type="checkbox"/> Human embryonic stem cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tobacco |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power | <input type="checkbox"/> Unconventional oil and gas |
| <input type="checkbox"/> Civilian firearms | | | |

Coherence

Coherent
Partially coherent
Not coherent

Moody's ESG Solutions considers that the contemplated Framework is coherent with American Express' strategic sustainability priorities and sector issues and that it contributes to achieving American Express' sustainability commitments.

Key findings

Moody's ESG Solutions considers that American Express' Sustainable Financing Framework is aligned with the four core components of the GBP 2021 & SBP 2021.

Use of Proceeds - aligned with the GBP/SBP

- The Eligible Categories are clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and target population for the Social Categories and location of Eligible Projects for all Eligible Categories.
- The Environmental and Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards for all Eligible Categories. We note that while the Circular Economy category contributes to the Climate Change Mitigation and Waste Management Objectives, it only accounts for a limited part of the Issuer's overall environmental footprint.
- The expected Environmental and Social Benefits are clear, precise, relevant and measurable. They will be quantified for all of Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate to investors the estimated share of refinancing prior to each issuance. The look-back period for refinanced Eligible Categories will be equal to or less than 24 months from the issuance date, in line with good market practices.

Evaluation and Selection - aligned with the GBP/SBP

- The Process for Project Evaluation and Selection has been clearly defined by the Issuer. The process is structured. The roles and responsibilities are clear and include relevant internal expertise. The process will be publicly disclosed in the Framework.
- The eligibility criteria for a project have been clearly defined and detailed by the Issuer for all the Eligible Categories.
- The process applied to identify and manage potentially material environmental and social risks associated with the projects is publicly disclosed in this SPO. The process is considered robust: it combines monitoring, identification and corrective measures for all categories (see detailed analysis on pages 19-21).

Management of Proceeds - aligned with the GBP/SBP

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- The net proceeds of issued Financing Instruments will be placed in the Issuer's general account and tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Financing Instrument is outstanding, the Issuer has committed to periodically update the balance of tracked net proceeds to match allocations to Eligible Categories until the net proceeds have been fully allocated.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that comply with the Framework within 24 months of such divestment.

Reporting - aligned with the GBP/SBP

- The Issuer has committed to report on the Use of Proceeds on an annual basis until full allocation and on a timely basis in case of material developments. The report will be publicly available on the American Express corporate website. If the report is externally verified, this verification will also be publicly available.
- The report will cover relevant information related to the allocation of Financing Instrument proceeds and the expected environmental benefits of the projects. The Issuer has also committed to report on material developments/issues/controversies related to the projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of Eligible categories will be publicly disclosed.
- An external party will verify the tracking and allocation of funds to Eligible Categories until full allocation and in case of material changes after full allocation. Environmental and social indicators will be verified internally.

Contact

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SCOPE

Moody's ESG Solutions was commissioned to provide an independent Second Party Opinion ("SPO") on the sustainability credentials and management of the Sustainable Financing Transactions¹ (the "Financing Instruments") to be issued by American Express (the "Issuer") in compliance with the Sustainable Financing Framework (the "Framework") created to govern their issuance(s).

Our opinion is established according to Moody's ESG Solutions' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the voluntary guidelines of the ICMA's Green Bond Principles ("GBP") - edited in June 2021 - and Social Bond Principles ("SBP") - edited in June 2021 (referred together as the "GBP & SBP").

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

- Framework: we assessed the Framework, including the coherence between the Framework and the Issuer's environmental and social commitments, the Financing Instruments' potential contribution to sustainability and its alignment with the four core components of the GBP & SBP 2021.
- Issuer²: we assessed the Issuer's management of potential stakeholder-related ESG controversies and its involvement in controversial activities³.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from our exclusive ESG rating database, and (iii) information provided from the Issuer through documents and interviews conducted with the Issuer's managers and stakeholders involved, held via a telecommunications system.

We carried out our due diligence assessment from January 20 to April 11, 2022. We consider that we were provided access to all documents and interviewees we solicited. For this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment.

Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The "Sustainable Financing transactions" is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name "Sustainable Financing transactions" has been decided by the Issuer: it does not imply any opinion from Moody's ESG Solutions.

² American Express is part of our rating universe - the last ESG rating was performed in December 2021. In agreement with the Issuer, this Second Party Opinion does not include the assessment of its ESG performance.

³ The 17 controversial activities screened by us are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

We consider that the contemplated Framework is coherent with the Issuer's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

The financial services sector has considerable potential to support social and economic development globally and the transition to a low-carbon and sustainable economy⁴. Firms and businesses engaged in financial services have a key role in the development, implementation and promotion of effective sustainable finance products and services as well as in processes and mechanisms to disincentivize activities and investments with negative impacts on the environment, people and society.

In addition to supporting positive environmental endeavors and dissuading activities with negative externalities, financial firms also have a key responsibility and ability to reduce inequality and contribute to greater financial inclusion by ensuring the accessibility of financial products and services to a larger number of customers, including micro, small and medium-sized enterprises (MSMEs) as well as the most vulnerable, such as women, those with disabilities and marginalized communities⁵.

Through the development of targeted financial services and products, as well as the integration of Environmental, Social and Governance (ESG) factors within financing operations, the financial services sector can further advance sustainable development and play a significant role in dealing with leading global sustainability challenges.

The Issuer is a globally integrated payments company that provides credit and charge cards to consumers, small businesses, mid-sized companies and large corporations around the world. Integrated payments platforms include card-issuing, merchant-acquiring and card network businesses. The Issuer principally engages in businesses comprising three reportable operating segments: Global Consumer Services Group (GCSG), Global Commercial Services (GCS) and Global Merchant and Network Services (GMNS).

The Issuer introduced its new global ESG Strategy Roadmap as part of its 2020-2021 ESG Report⁶, outlining its three core pillars and objectives:

- *Promoting Diversity, Equity and Inclusion (DE&I)*: Support a diverse, equitable and inclusive workforce, marketplace and society
- *Building Financial Confidence*: Provide responsible, secure and transparent products and services to help people and businesses build financial resilience
- *Advancing Climate Solutions*: Enhance operations and capabilities to meet customer and community needs in the transition to a low-carbon future

The report, intended to follow the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) reporting guidelines, includes goals and commitments to net-zero emissions globally by 2035, such as \$10 million in new philanthropic funding to support initiatives addressing climate change through 2025; maintaining 100% pay equity across genders globally and across races and ethnicities in the United States; a \$1 billion multi-year DE&I Action Plan; and providing at least five million individuals with the tools, resources and educational content to improve their financial well-being through 2025.

⁴ OECD (2021). Financial Markets and Climate Transition. <https://www.oecd.org/finance/Financial-Markets-and-Climate-Transition-Opportunities-Challenges-and-Policy-Implications.pdf>

⁵ International Monetary Fund (January 2020). Finance and Inequality. <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2020/01/16/Finance-and-Inequality-45129>

⁶ American Express (2021). 2020-2021 Environmental, Social, and Governance Report. https://s1.q4cdn.com/692158879/files/doc_downloads/2021/09/AXP-2020-2021-ESG-Report.pdf

FRAMEWORK

The Issuer has described the main characteristics of the Financing Instruments within a formalized Framework that covers the four core components of the GBP & SBP 2021 (the last updated version was provided to Moody's ESG Solutions on April 11, 2022). The Issuer has committed to make this document publicly accessible on the American Express website, in line with good market practices.

Alignment with the Green and Social Bond Principles

Use of Proceeds



The net proceeds of the Financing Instruments will exclusively finance or refinance, in part or in full, projects falling under three Green Project Categories and three Social Project Categories ("Eligible Categories"), as indicated in Table 1.

- The Eligible Categories are clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and target population for the Social Categories and location of Eligible Projects for all Eligible Categories.
- The Environmental and Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards for all Eligible Categories. We note that while the Circular Economy category contributes to the Climate Change Mitigation and Waste Management Objectives, it only accounts for a limited part of the Issuer's overall environmental footprint.
- The expected Environmental and Social Benefits are clear, precise, relevant and measurable. They will be quantified for all of Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate to investors the estimated share of refinancing prior to each issuance. The look-back period for refinanced Eligible Categories will be equal to or less than 24 months from the issuance date, in line with good market practices.

BEST PRACTICES

- ⇒ The Issuer has committed to transparently communicate to investors the estimated share of refinancing prior to each issuance.
- ⇒ The look-back period for refinanced projects is equal to or less than 24 months, in line with good market practices.

Table 1. Our analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

- Location of Eligible Projects: Global, including several U.S.-specific Eligible Projects

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Circular Economy	<p>Operational expenses as well as research and development spending relating to:</p> <ul style="list-style-type: none"> Investments and expenditures related to the procurement and fabrication of recycled material for American Express consumer and business cards, including expenditures related to updating cards to reclaimed or recycled plastics. Investments and expenditures related to the operations and infrastructure requirements for consumer and business card recycling initiatives, including the Card Take Back Program⁷ (currently limited to the U.S.). Investments and expenditures in waste and recycling initiatives across operations, including managed facilities. 	<p><u>Climate Change Mitigation</u> Reduction in GHG emissions</p> <p><u>Waste Management</u> Decreased landfill and ocean waste (plastic)</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and location of the projects.</p> <ul style="list-style-type: none"> The Issuer communicates that the plastic used in its credit cards is 100% recyclable. The Issuer will finance the procurement of the recycled and reclaimed material (plastic collected from the ocean) and the manufacturing of credit cards using such material. As of today, all the credit cards manufactured are made from a minimum of 50% recycled or 70% reclaimed plastic. The Issuer will include any R&D costs from switching from virgin plastic to recycled or reclaimed plastic. <p>The Environmental Objectives are clearly defined and relevant for the Eligible Category. These are set in coherence with sustainability objectives defined in international standards, but the Eligible Category only accounts for a limited part of the Issuer's overall environmental footprint.</p> <p>The expected Environmental Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>
Green Buildings	<p>Investments and expenditures related to the acquisition and/or leasing of buildings, the development and construction of new building projects and/or renovations/retrofits of existing buildings that have received a third party verified certification, or have reached substantial completion and are in progress of achieving relevant certification with a third party, of:</p> <ul style="list-style-type: none"> LEED Gold or above, BREEAM Excellent or above, NABERS (5 stars or above), Effinergie. HQE, or Other equivalent certification 	<p><u>Climate Change Mitigation</u> Reduction in GHG emissions</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and location of the projects.</p> <p>The Environmental Objective is clearly defined and relevant for the Eligible Category. This is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefit is clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>

⁷ The Issuer's Card Take Back Program enables U.S. consumer, small business and corporate card members to send back expired or non-working American Express credit cards to the Issuer for recycling.

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Energy Efficiency & Renewable Energy	<p><i>Energy Efficiency Improvements</i></p> <p>Investments and expenditures related to the design, construction, operation and maintenance of energy-efficient facilities and infrastructure, detailed as:</p> <ul style="list-style-type: none"> Operational improvements and capital projects with projected energy savings of at least 30%. <p><i>Renewable Energy</i></p> <p>Capital expenditures and investments related to the construction, development, acquisition, maintenance and operation of renewable energy projects via solar and wind power, detailed as:</p> <ul style="list-style-type: none"> Long-term Power Purchase Agreements⁸ On-site renewable energy projects and storage installations. 	<p><u>Climate Change Mitigation</u></p> <p>Reduction in GHG emissions</p> <p><u>Energy Efficiency</u></p> <p>Increase in energy savings</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, eligibility criteria and location of the projects.</p> <p>The Environmental Objectives are clearly defined and relevant for the Eligible Category. These are set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p> <p>Of note, the Issuer and Moody's ESG Solutions have a lack of visibility on whether the construction and/or operations of the renewable energy purchased is financed with other green instruments. Therefore, Moody's ESG Solutions cannot ensure the avoidance of potential double-counting of environmental benefits with another green financial instrument of another issuer.</p>
Socioeconomic Advancement and Empowerment ⁹	<p><i>Supplier Diversity Program</i></p> <p>Expenditures and program expenses related to driving economic growth among diverse groups through the procurement of products and services from members of diverse business suppliers and vendors at least 51% owned by members of diverse populations, independently certified through a qualified agency. Expenditures include investments in programs that empower diverse and/or small businesses through technical assistance, capacity building and mentoring programs.</p> <ul style="list-style-type: none"> <i>Target population:</i> Diverse business suppliers and vendors include minority-, women-, LGBTQ+, disadvantaged or disability- and veteran-owned business enterprises and 8(a)¹⁰/HUBZone-certified¹¹ firms. <p><i>Merchant Support Programs</i></p> <p>Expenditures and program investments related to driving consumer spending at small and medium-sized independent businesses, including:</p> <ul style="list-style-type: none"> Shop Small campaign¹², and Other Card Member offers for targeted businesses and related marketing efforts. 	<p><u>Foster Economic Growth</u></p> <p>Improving economic opportunities and growth for low-income and marginalized communities</p> <p>Reduce social and economic inequalities</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, target population, eligibility criteria and location of the projects.</p> <p>Regarding <i>Community Development</i>:</p> <ul style="list-style-type: none"> CCD has contractual agreements between all parties and stipulates how investment funds are to be used. The Issuer utilizes business partners to ensure development milestones are met and compliance targets are achieved. <p>The following types of investments are identified by the Issuer as examples:</p> <ul style="list-style-type: none"> Investments in Community Development Financial Institutions (CDFIs) Investments in Minority Deposit Institutions (MDIs) New Markets Tax Credits <p>The Social Objectives are clearly defined and relevant for the Eligible Category. These are set in coherence with sustainability objectives defined in international standards.</p>

⁸ The issuer excludes Virtual Power Purchase Agreement from the Framework.

⁹ Addressable spend is spend incurred with suppliers by American Express for procuring goods and services to run its operations. Addressable spend does not include spend related to partners (such as Client Incentive, Membership Rewards, Co-Brand etc.), T&E (Employee Reimbursements), charitable donations, or taxes.

¹⁰ U.S. Small Business Administration. *8(a) Business Development Program*. <https://www.sba.gov/federal-contracting/contracting-assistance-programs/8a-business-development-program%23section-header-0>
¹¹ U.S. Small Business Administration. *HUBZone Program*. <https://www.sba.gov/federal-contracting/contracting-assistance-programs/hubzone-program>
¹² American Express. *Shop Small*. <https://www.americanexpress.com/us/small-business/shop-small/about/>

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
	<p>The Issuer excludes businesses dedicated to weapons and munitions, alcoholic beverages (excluding beer and wine), tobacco or gambling.</p> <ul style="list-style-type: none"> <i>Target population:</i> Small and medium-sized independent businesses located in census tracts categorized by the United States Census Bureau as Low- or Moderate-Income geographies. <p><i>Financial Empowerment Programs</i></p> <p>Expenditures and program investments in targeted initiatives providing financial support and education for small businesses and entrepreneurs from historically underrepresented groups. Listed targeted initiatives include:</p> <ul style="list-style-type: none"> The 100 for 100 program¹³, and The ByBlack platform¹⁴. <i>Target population:</i> Entrepreneurs and small and medium-sized businesses with underrepresented owners and operators, including minority-, women-, LGBTQ+, disadvantaged or disability-, and veteran-owned business enterprises, 8(a)/HUBZone-certified firms and those located in census tracts categorized by the United States Census Bureau as low-or moderate-income geographies. <p><i>Community Development</i></p> <p>Investments in funds and securities that aim to provide economic development to low- and middle-income communities through the Issuer's Center for Community Development (CCD).</p> <ul style="list-style-type: none"> <i>Target population:</i> Low- and moderate-income communities and individuals, or Distressed or Underserved nonmetropolitan middle-income geographies¹⁵. 		<p>The expected Social Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>
Access to Essential Services	<p>Expanding access to financing products and advancing economic opportunity and equity by supporting the businesses of underserved populations. This includes extending credit balances and Business Card Member offers and related marketing efforts to diverse business suppliers and vendors at least 51% owned by members of diverse populations, independently certified through a qualified agency .</p> <p>The Issuer excludes businesses dedicated to weapons and munitions, alcoholic beverages (excluding beer and wine), tobacco or gambling.</p>	<p><u>Financial Inclusion</u></p> <p>Improving access to finance for micro, small and medium-sized enterprises in underserved populations</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, target population, eligibility criteria and location of the projects.</p> <p>The Social Objective is clearly defined and relevant for the Eligible Category. It is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Social Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>

¹³ American Express. 100 for 100 Program. <https://www.americanexpress.com/en-us/campaigns/100-for-100/>

¹⁴ U.S. Black Chambers. ByBlack. <https://usblackchambers.org/certification/>

¹⁵ As designated in accordance with Community Reinvestment Act regulations

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
	<ul style="list-style-type: none"> <i>Target population:</i> Diverse business includes minority-, women-, LGBTQ+, disadvantaged or disability- and veteran-owned business enterprises and 8(a)/HUBZone-certified firms located in LIHTC-qualified census tracts. 		
Affordable Housing	<p>Investments in funds and securities that aim to provide affordable housing and economic development to low- and middle-income communities through the Issuer's CCD.</p> <ul style="list-style-type: none"> <i>Target population:</i> Low- and moderate-income communities and individuals or Distressed or Underserved nonmetropolitan middle-income geographies¹⁶. 	<p><u>Access to Affordable Housing</u></p> <p>Improving access to affordable housing finance solutions</p> <p>Increasing the supply of affordable housing units</p>	<p>The Eligible Category is clearly defined. The Issuer has communicated the nature of the expenditures, target population, eligibility criteria and location of the projects.</p> <ul style="list-style-type: none"> - CCD has contractual agreements between all parties and stipulates how investment funds are to be used. - The Issuer utilizes business partners to ensure development milestones are met and compliance targets are achieved. <p>The following types of investments are identified by the Issuer as examples:</p> <ul style="list-style-type: none"> - CDFIs - Low-Income Housing Tax Credits <p>The Social Objective is clearly defined and relevant for the Eligible Category. It is set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Social Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>

¹⁶ As designated in accordance with Community Reinvestment Act regulations.

SDG Contribution

The Eligible Categories are likely to contribute to seven of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Green Buildings Energy Efficiency & Renewable Energy	 7 Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix. 7.3 Double the global rate of improvement in energy efficiency.
Socioeconomic Advancement and Empowerment Access to Essential Services	 8 Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation.
Green Buildings	 9 Industry, Innovation and Infrastructure	9.4 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.
Socioeconomic Advancement and Empowerment Access to Essential Services	 10 Reduced Inequalities	10.1 Progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average. 10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
Affordable Housing	 11 Sustainable Cities and Communities	11.1 Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Circular Economy	 12 Responsible Production and Consumption	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle. 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.
Circular Economy Green Buildings Energy Efficiency & Renewable Energy	 13 Climate Action	UN SDG 13 consists of taking urgent action to combat climate change and its impacts.

Evaluation and Selection of Eligible Projects



- The Process for Project Evaluation and Selection has been clearly defined by the Issuer. The process is structured. The roles and responsibilities are clear and include relevant internal expertise. The process will be publicly disclosed in the Framework.
- The eligibility criteria for a project have been clearly defined and detailed by the Issuer for all the Eligible Categories.
- The process applied to identify and manage potentially material environmental and social risks associated with the projects is publicly disclosed in this SPO. The process is considered robust: it combines monitoring, identification and corrective measures for all categories (see detailed analysis on pages 19-21).

Process for Project Evaluation and Selection

- American Express ESG Steering Committee and its relevant working groups (collectively the "Committee") will oversee the evaluation and selection process and evaluate whether selected projects comply with the eligibility criteria defined in the Framework and are aligned with American Express corporate global ESG strategy. The Committee is made up of senior leadership and other representatives from the following departments/teams:
 - Treasury
 - Corporate Social Responsibility
 - Controllershship
 - Investor Relations
 - The General Counsel's Organization
- The Committee will meet at least twice per year, and will be responsible for:
 - Approving the Sustainable Financing Framework;
 - Evaluating and approving selection of projects based on established eligibility criteria;
 - Monitoring Eligible Projects throughout the life of the sustainable finance instrument;
 - Replacing any projects that no longer meet the established criteria with new eligible projects;
 - Reviewing and validating Sustainable Finance reports for investors and ensuring the robust external review process.
- The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:
 - According to the Issuer, net proceeds from the issuances will be exclusively allocated to those Eligible Projects or assets defined under the framework and the Eligible Projects will be monitored by the Committee twice a year during the life of the Financing Instrument. In case a project is identified as non-compliant with the eligibility criteria, the proceeds will be re-allocated.
 - Through the Issuer's Enterprise Risk Management (ERM) the Issuer identifies, aggregates, monitors, and manages all risks to the business as well as establishing the Issuer risk appetite and risk governance processes. The Issuer's Chief Risk Officer oversees the program's execution and leads the Enterprise Risk Management Committee (ERMC), which oversees firmwide risk governance. The ERMC also reviews key risk exposures, trends and concentrations and significant compliance issues and proposes steps to monitor, control and report major risks. In addition to the enterprise-wide effort mentioned above, the Issuer also plans to specifically monitor Eligible Projects financed by the Financing Instrument proceeds throughout the life of the Financing Instrument for ongoing compliance with the ESG eligibility criteria, including potential involvement in ESG controversies. Projects that are in violation of the criteria and are not able to remediate such violations will be replaced with other Eligible Projects.
 - Decisions on project evaluation and selection will be documented in writing and retained within a central repository.

Eligibility Criteria

The process relies on explicit eligibility criteria, relevant to the environmental and social objectives defined for the Eligible Categories.

- The selection criteria is based on the definitions in the Eligible Categories defined Table 1 in the Use of Proceeds section.
- The exclusion criteria has been included for certain categories due to its relevance. The excluded activities have been included in Table 1.

BEST PRACTICES

- ⇒ The Issuer reports that it will monitor compliance of selected and financed Projects with eligibility criteria specified in the Framework throughout the life of the instrument and has provided details on the procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the financed Projects throughout the life of the instrument and has provided details on the procedure in case a controversy is found.

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- The net proceeds of issued Financing Instruments will be placed in the Issuer's general account and tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Financing Instrument is outstanding, the Issuer has committed to periodically update the balance of tracked net proceeds to match allocations to Eligible Categories until the net proceeds have been fully allocated.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that comply with the Framework within 24 months.

Management Process

- The Committee will be responsible for the Process for the Management and Allocation of Proceeds, including tracking allocations and managing proceeds prior to allocation.
- The Issuer will maintain a central register including the list of all Eligible Projects and related allocation of net proceeds.
- Pending allocation, the net proceeds of the Financing Instruments will be credited to the Issuer's general account and managed in accordance with the Issuer's general liquidity management practices. This includes, but not limited to being temporarily invested in cash, cash equivalents and/or U.S. government or agency securities and/or used to pay maturities, provided that all uses of such proceeds will not knowingly be used to invest in any activities determined by Issuer's management to be high-emitting or controversial.
- In case of project postponement, cancelation, divestment or ineligibility, or in case an Eligible Project has matured, the Issuer has committed to have the Committee replace the no longer Eligible Project by a new Eligible Project within 24 months.

BEST PRACTICES

- ⇒ The allocation period is 24 months or less.
- ⇒ The Issuer has committed to not invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that are compliant with the Framework within 24 months.

Reporting

Not Aligned	Partially Aligned	Aligned	Best Practices
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- The Issuer has committed to report on the Use of Proceeds on an annual basis until full allocation and on a timely basis in case of material developments. The report will be publicly available on the American Express corporate website. If the report is externally verified, this verification will also be publicly available.
- The report will cover relevant information related to the allocation of Financing Instrument proceeds and the expected environmental benefits of the projects. The Issuer has also committed to report on material developments/issues/controversies related to the projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of Eligible categories will be publicly disclosed.
- An external party will verify the tracking and allocation of funds to Eligible Categories until full allocation and in case of material changes after full allocation. Environmental and social indicators will be verified internally.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are relevant and exhaustive

REPORTING INDICATORS
<ul style="list-style-type: none"> ⇒ The amount of any Sustainable Financings outstanding, including the amount of net proceeds for each Sustainable Financing ⇒ The amount that has been allocated to the relevant Eligible Projects by category for each Sustainable Financing ⇒ The outstanding amount of net proceeds from any Sustainable Financing yet to be allocated to Eligible Projects at the end of the reporting period ⇒ The amount of financing vs. refinancing ⇒ Case studies of specific Eligible Projects receiving allocations

- Environmental and social benefits: The indicators selected by the Issuer to report on the environmental and social benefits are clear and relevant. Indicators of benefits may include any of the following

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Circular Economy	<ul style="list-style-type: none"> • Volume of recycled plastic used in cards • Percentage of waste diverted from landfill in operations 	<ul style="list-style-type: none"> • Estimated reduction in emissions from avoidance of virgin plastic production
Green Buildings	<ul style="list-style-type: none"> • Square feet of Green Buildings certified office space 	<ul style="list-style-type: none"> • Annual reduction in emissions and/or energy savings from certified Green Buildings
Energy Efficiency & Renewable Energy	<ul style="list-style-type: none"> • Annual renewable energy generated and purchased in MWh 	<ul style="list-style-type: none"> • Annual energy savings from energy efficiency projects

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Socioeconomic Advancement & Empowerment	<ul style="list-style-type: none"> Number of businesses and individuals supported Amount of funding provided to businesses and individuals Total spend with diverse business suppliers and vendors Total number of diverse and/or small businesses funded Number of jobs created 	
Access to Essential Services	<ul style="list-style-type: none"> Number of businesses and individuals supported Amount of funding provided to businesses and individuals Number of individuals from underserved or underrepresented populations with access to credit 	
Affordable Housing	<ul style="list-style-type: none"> Units of affordable housing created 	

Areas for improvement include:

- Committing to an external verification of the indicators used to report on environmental benefits of the Eligible Categories.

Of note, the Issuer states that for the pooled Community Development and Affordable Housing investments, they calculate the pro rata impact data based on dollars invested by the Issuer vs. total dollars in the fund. Therefore, they are able to report the impact indicators on a pro rata basis in the Socioeconomic Advancement & Empowerment and Affordable Housing categories.

BEST PRACTICES
<ul style="list-style-type: none"> ⇒ The issuer report will be publicly available. ⇒ The reporting will cover relevant information related to the allocation of Financing Instrument proceeds and to the expected sustainable benefits of the Categories. The Issuer has also committed to report on material development related to the projects, including ESG controversies. ⇒ The reporting methodology and assumptions used to report on environmental/social benefits of the Eligible Categories will be disclosed publicly.

CONTRIBUTION TO SUSTAINABILITY

Expected Impacts

The potential positive Impact of the eligible projects on environmental and social objectives is considered to be robust.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Circular Economy	LIMITED	<p>The Eligible Category aims to contribute to the circular economy in the credit card industry by replacing the virgin plastic used in their manufacture through the promotion of recycling activities and reclaiming of plastics from the ocean to be used in credit cards manufacturing. The increased use of post-consumer recycled material contributes indirectly to the reduction of GHG emissions as compared to the manufacturing of credit cards using only virgin plastic.</p> <p>The Issuer is partnering with its manufacturers on R&D to reduce the amount of virgin plastic used in order to achieve manufacture of credit cards as close as 100% recycled plastic as possible.</p> <p>Nevertheless, a potential negative environmental impact remains in this category, as the manufacture of new credit cards will still use a certain level of virgin plastics in the manufacturing process with no clear visibility on a commitment to transition to products free of virgin plastic.</p> <p>Although Moody's ESG Solutions acknowledges a positive contribution of this Eligible Category towards the circular economy, Moody's ESG Solutions is of the opinion that the waste management and circular economy challenges are not currently one of the most material ESG topic for credit card providers.</p>
Green Buildings	ADVANCED	<p>According to the United Nations Environment Programme Global Status Report 2020, buildings and construction together account for 35% of global final energy use and 38% of energy-related carbon dioxide (CO2) emissions when upstream power generation is included. According to the U.S. Energy Information Administration¹⁷, the real estate sector accounted for 29% of U.S. energy consumption in 2020, of which the residential sector accounted for 22%.</p> <p>The Issuer will finance projects related to recognized green building certification at the highest levels, contributing to relevant energy efficiency improvements as compared to business as usual.</p>
Energy Efficiency & Renewable Energy	ROBUST	<p>Energy efficiency is at the heart of clean energy transition, as it represents the cleanest and, in most cases, the cheapest way to meet energy needs.¹⁸ Energy consumption is one of the main environmental direct impact in terms of climate footprints for credit cards providers.</p> <p>The Issuer aims to finance projects within its operations that allow a reduction of energy consumption of at least 30% compared to the baseline.</p> <p>Renewable energy is playing an increasingly important role in the United States energy system. In 2018, renewables accounted for 17% of electricity generation, after an unprecedented growth of wind and solar across the United States, driven by lower costs and state policies such as renewable portfolio standards¹⁹.</p> <p>The Issuer will finance on-site solar and wind energy generation with a long-term benefit in terms of generation of renewable energy. In addition, the Issuer will seek long-term agreements to purchase renewable energy generated from wind and solar sources, increasing the demand for renewable energy in the grid.</p>
Socioeconomic Advancement and Empowerment	ROBUST	<p>Major challenges remain in the United States to reduce inequalities. The category targets a vulnerable population, focusing on suppliers, entrepreneurs and small companies with diversity characteristics in their composition. In this category, the Issuer provides to the beneficiaries relevant measures to promote the empowerment of the target population benefited, such as trainings, mentoring programs, networking initiatives, education for entrepreneurs, among other activities. Additionally, Community Development investments in MDFIs and MDIs have the potential to expand targeted banking services and</p>

¹⁷ U.S. Energy Information Administration. *How much energy is consumed in U.S. buildings?* <https://www.eia.gov/tools/faqs/faq.php?id=86&t=1>

¹⁸ International Energy Agency (2021). *Energy Efficiency Indicators: Overview*. <https://www.iea.org/reports/energy-efficiency-indicators-overview/highlights>

¹⁹ International Energy Agency (2019). *Energy Policies of IEA Countries: United States 2019 Review*. https://iea.blob.core.windows.net/assets/7c65c270-ba15-466a-b50d-1c5cd19e359c/United_States_2019_Review.pdf

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
		long-term support for underserved and vulnerable populations through the provision of credit to markets with limited access to traditional banks.
Access to Essential Services	ROBUST	The topic of access to finance and financial inclusion has been of growing interest throughout the world. One notable group excluded consists of businesses that are unbankable from the perspective of commercial financial institutions and markets, because they do not have enough income or present too high a lending risk ²⁰ . This category aims to increase the access to financial services to a population identified as vulnerable due to its diversity characteristics and/or due to its income level.
Affordable Housing	ROBUST	The access and availability to affordable housing for low- and moderate-income households remains a continuing challenge in the United States, further exacerbated by the COVID-19 pandemic. As of March 2021, over 8 million households in the U.S. were behind on rent, with these households more likely to be lower-income and racial or ethnic minorities ²¹ (28% of Black renters, 18 % of Latino renters and 20% of Asian renters reported being behind on rent) ²² . Community Development investments, specifically targeting distressed or underserved nonmetropolitan low- and middle-income geographies, have the potential to provide critical long-term support to a vulnerable population in particular need.
OVERALL ASSESSMENT	ROBUST	

²⁰ World Bank. *Financial Access*. <https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/financial-access>

²¹ Congressional Research Service (2021). *COVID-19: Household Debt During the Pandemic*. <https://sgp.fas.org/crs/misc/R46578.pdf>

²² Center on Budget and Policy Priorities (2021). *Tracking the COVID-19 Economy's Effects on Food, Housing, and Employment Hardships*. <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-economy-effects-on-food-housing-and>

ESG Risks Identification and Management Systems in Place at Project Level

The identification and management of the environmental, social, and governance risks associated with the Eligible Projects are considered robust²³.

	ELIGIBLE CATEGORIES					
	CIRCULAR ECONOMY	GREEN BUILDINGS	ENERGY EFFICIENCY & RENEWABLE ENERGY	SOCIOECONOMIC ADVANCEMENT & EMPOWERMENT	ACCESS TO ESSENTIAL SERVICES	AFFORDABLE HOUSING
Biodiversity	N/A	X	X	N/A	N/A	N/A
Energy Efficiency	X	X	N/A	N/A	X	N/A
Climate Change Adaptation	X	X	X	N/A	N/A	N/A
Env. Pollution	N/A	X	X	N/A	N/A	N/A
Human Rights	X	X	X	X	X	X
Health and Safety	X	X	X	N/A	N/A	N/A
Responsible Relations with Customers	N/A	N/A	N/A	X	X	N/A
Data Security	N/A	N/A	N/A	X	X	X
Ethics Risk	X	X	X	X	X	X
OVERALL ASSESSMENT	Robust	Robust	Robust	Robust	Robust	Robust

Biodiversity

The Issuer reports that its Global Real Estate and Workplace Experience (GREWE) team follows all local municipality code requirements when performing site selection and implementing building modifications, including conducting and following Environmental Impact Assessments to ensure potential negative impacts on the local ecology and biodiversity are adequately understood and mitigated. The Issuer reports that, concerning the Green Buildings category, its green building programming and design standards will further incentivize the Issuer to surpass local regulations and follow industry best practices during site selection.

Energy Efficiency

Energy efficiency is included as a core focus of the Issuer's ESG Strategy under the pillar of advancing climate solutions and maintaining carbon neutral operations, setting environmental goals for 2025 covering the organization's energy use. The Issuer has implemented lighting retrofits, HVAC equipment upgrades and new building control systems as part of this goal. In all major facilities where the Issuer owns the base building, the Issuer reports using advanced building management systems (BMS) to operate all building services to ensure the efficiency of the mechanical and electrical systems. The Issuer outsourced its facilities management and engineering services to companies that specialize in building systems maintenance and management. Routine preventive maintenance is performed on mechanical, electrical and plumbing engineering (MEP)

²³ The "X" indicates the E&S risks that have been activated for each Eligible Category.

systems to optimize their output and monitor the consumption of energy (often in 15-minute intervals), and the Issuer has invested in expanding a team of internal Energy & Sustainability experts to deliver programs that promote and educate our operations teams on the importance of energy efficiency and low-cost operational solutions (e.g., managing set points, installing LEDs, sensor technology).

The Issuer's data centers, representing over 1 million square feet of building space, accounted for approximately 56% of electricity use and produced approximately 42% of total Scope 1 and Scope 2 carbon emissions. The Issuer has implemented energy efficiency measures across these sites and has reported data center power usage effectiveness (PUE) of 1.61 for production data centers, 1.57 for redundancy data centers and 1.97 for testing data centers. To further support efforts targeting energy efficiency and carbon emissions, the Issuer also reports continuing to purchase renewable energy attribute certificates (EACs) and expanding the use of on-site solar panels.

Climate Change Adaptation

For qualitative climate-related physical risk analysis, the Issuer evaluates potential threats to critical business sites across its global operations under historic conditions and as well as applied to future climate projections from the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathway (RCP). As part of evaluating threats and mitigation opportunities at select sites across its global operations, supply chain and revenue sources, each site was examined for seven potential risks from the physical impacts of climate change to ensure adequate adaptation and response measures could be implemented: 1) increasing temperatures; 2) sea-level rise; 3) precipitation changes; 4) flooding; 5) cyclonic events; 6) extended drought; and 7) extreme temperatures. The Issuer is also evaluating its physical climate risks per the Task Force for Climate-Related Financial Disclosures (TCFD) to better quantify the inherent risks of selecting office locations in specific geographies.

Physical climate-related risks and opportunities are primarily managed by the Issuer's GREWE and Technology teams. Operational risks – including extreme weather events and natural disasters – are identified and measured for severity as part of the Issuer's business continuity planning and process, and Disaster Recovery and Business Continuity Plans are developed and regularly updated to ensure steps are in place to identify and respond before, during and after a service continuity event.

Environmental Pollution

The Issuer reports following all local and municipal building codes as well as the requirements of relevant green building certifications (per the Green Buildings Eligible Category) as part of its efforts to minimize environmental pollution. Accordingly, the Issuer strives to design, build and operate its facilities to consume fewer resources, emit fewer greenhouse gases and improve indoor environmental quality in accordance with the best practices as described by LEED, BREEAM, NABERS, Effinergie, HQE and other equivalent certifications as well as to regularly and periodically monitor and inspect buildings to ensure building and operations emissions, air pollutants and storm and wastewater contaminants are within safe and compliant levels. Through the Issuer's global workspace program BlueWork, the Issuer has implemented an organization-wide program to enhance the green aspects and employee comfort of its offices and workspaces, using sustainable construction materials based on LEED standards. As part of BlueWork, the Issuer allocates workspace and remote work capabilities to enhance the efficiency of its real estate use, minimizing related environmental pollution and emissions.

Human Rights

American Express expects all employees and suppliers to conduct business in accordance with applicable laws, rules and regulations. Additionally, the Issuer monitors and enforces its human rights policies and workplace policies as part of its official Code of Conduct and a series of human rights-related statements (i.e. UK Modern Slavery Act Transparency Statement and Australia Modern Slavery Statement). The company has a systematic due diligence process to evaluate suppliers' adherence to the stated policies. The scope of American Express' Human Rights Statement and Code of Conduct covers interactions with employees, suppliers, customers, merchants and contractors. The Code of Conduct is available in nine different languages globally and a 24-hour ethics hotline is available to all stakeholders to report potential violations in multiple local languages.

In addition, the Global Supply Management team seeks to use suppliers, whenever possible, from its comprehensive Approved Supplier List. In addition, the Issuer's Risk Management Process includes screening suppliers that trigger key risks to make sure that they have all the required business licenses and adequate Code of Conduct, background checks, and compliance policies.

Health and Safety

American Express has a global team of workplace safety managers and specialists who ensure the health and safety of Issuer's building operations and construction sites. The team is authorized to audit the safety process and practices of any American Express job sites with the goal of compliance with local labor practices. For construction-related areas, general and subcontractors must comply with local health and safety codes. Contractors often will hire their own health and safety teams to perform onsite monitoring.

Responsible Relations with Customers

American Express seeks to employ transparent and non-discriminatory customer practices through a number of policies and programs. American Express has a global compliance program that includes governance processes, board reporting, monitoring, testing, and analytics. American Express regularly reviews marketing offers and credit decisions as part of customer complaints investigations. A formalized Enterprise-Wide Complaint Management policy is in place to resolve any customer complaints in a timely manner. A dedicated Compliance Program Governance (CPG) team provides centralized oversight and documentation. Each business unit must establish or adopt appropriate policies and procedures to manage customer complaints which include processes for a timely resolution, data retention and escalations. Any complaints with potential issues and/or not resolved within the timeframes established in the business unit's complaint policies and/or procedures must be escalated, in accordance with the escalation requirements as defined by the business unit. American Express also conducts regular colleague trainings on compliance with applicable laws and regulations throughout the credit lifecycle—including marketing, underwriting, and collections activities—and tracks completion rates

Additionally, American Express also offers financial relief options including temporary lowered interest rates, waived fees and other accommodations for customers in need.

Data Security

American Express has a global cybersecurity governance framework in place to protect corporate, customer, and employee data. The Issuer relies on an Enterprise Information Security Program and Operating Model, which is designed to identify risks and protect the confidentiality, integrity, and availability of information and information systems. There are enterprise information security programs within Amex to specifically manage information risk and security controls at the business units, risk management, and internal audit levels. This dedicated team will brief the board on cybersecurity at least once a year and the Board's Risk Committee at least twice a year, including at least one joint meeting with the Audit and Compliance Committee.

Ethics Risk

American Express relies on the company's Code of Conduct to manage ethical workplace behavior. The Code provides guidance on topics such as anti-corruption, gift-giving, expenses, money laundering, information security and others. Employees must abide by the terms and violations can result in termination. The code is published in nine languages and all colleagues must participate in ethics training and be certified annually. The Board of Directors is required to sign a separate Code of Business Conduct dealing with conflicts of interests and other ethical concerns. A global ethics hotline, managed by an independent organization, is available online and by phone 24/7 for all stakeholders. An independent organization hosts the hotline and reporters can provide information confidentially or anonymously where local laws allow. Specially trained individuals at American Express promptly review all concerns raised and investigate further when appropriate.

ISSUER

Management of ESG Controversies

As of today, the Issuer faces five stakeholder-related ESG controversies, linked to three of the six domains we analyze:

- Corporate Governance, in the criteria of "Audit and Internal Controls".
- Business Behaviour, in the criteria "Information to customers" and "Customer relations".
- Community Involvement, in the criteria "Access to financial products/services and prevention of overindebtedness".

Frequency: The controversies faced are considered "isolated"²⁴; below the sector average.

Severity: The severity of the cases, based on the analysis of the impact on both the Issuer and its stakeholders, is considered "high"²⁵; in line with the sector.

Responsiveness: American Express is considered overall "remediative"²⁶; above the sector average.

Involvement in Controversial Activities

The Issuer appears to not be involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of 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 Moody's ESG Solutions.

²⁴ Moody's ESG Solutions scale of assessment: Isolated / Occasional / Frequent / Persistent.

²⁵ Moody's ESG Solutions scale of assessment: Minor / Significant / High / Critical.

²⁶ Moody's ESG Solutions scale of assessment: Non-communicative / Reactive / Remediative / Proactive.

METHODOLOGY

In our 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 organisation, activity or transaction. In this sense, we provide an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by Moody's ESG Solutions according to the ICMA's Green Bond Principles - June 2021 ("GBP"), the Social Bond Principles - June 2021 ("SBP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. Moody's ESG Solutions evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by Moody's ESG Solutions on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by Moody's ESG Solutions on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by Moody's ESG Solutions on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

Our assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental/social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental/social objectives

The expected positive impact of activities on environmental/social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental/social objective for the sector of the activity;²⁷
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the Issuer, its value chain, local and global stakeholders);
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental/social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) for environmental objectives only: the extent to which the activity is adopting the best available option.

ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of Moody's ESG Solutions' ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of Stakeholder Related ESG Controversies

Moody's ESG Solutions defines a controversy as public information or contradictory opinions from reliable sources that incriminate or make allegations against an Issuer regarding how it handles ESG issues as defined in Moody's ESG Solutions' ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

We 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 it is public, documented and traceable.

We provide an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the 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, our 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 screen the company's involvement 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 specific nature of the controversial products or services provided by the company.

²⁷ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

OUR ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of ESG risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of ESG risk management or an advanced expected impact combined with a limited level of assurance of ESG risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of ESG risk management; or a robust expected impact combined with a limited to weak level of assurance of ESG risk management; or an advance expected impact combined with a weak level of assurance of ESG risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of ESG risk management or a limited expected impact with a weak level of assurance of ESG risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the LMA/APLMA/LSTA's Green and/or Social Loan Principles.

STATEMENT ON MOODY'S ESG SOLUTIONS' INDEPENDENCE AND CONFLICT-OF-INTEREST POLICY

Transparency on the relation between MOODY'S ESG and the Issuer: MOODY'S ESG has not carried out any audit mission or consultancy activity for American Express. No established relation (financial or commercial) exists between MOODY'S ESG and American Express. Independence, transparency, quality and integrity requirements are all formalised within our Moody's Code of Conduct.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bonds, based on the information which has been made available to MOODY'S ESG. MOODY'S ESG has not 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 MOODY'S ESG neither focuses on the financial performance of the Bond/Loan, nor on the effective allocation of its proceeds. MOODY'S ESG 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 MOODY'S ESG. The draft version of the Second Party Opinion by MOODY'S ESG is for information purpose only and shall not be disclosed by the client. MOODY'S ESG 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 MOODY'S ESG reserves the right to publish the final version of the Second Party Opinion on MOODY'S ESG's website and on MOODY'S ESG's internal and external communication supporting documents.

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