

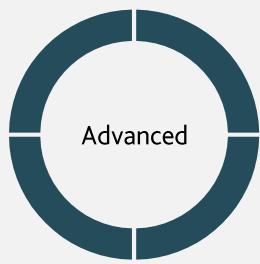
SECOND PARTY OPINION




on the sustainability of General Motors and GM Financial's Sustainable Finance Framework

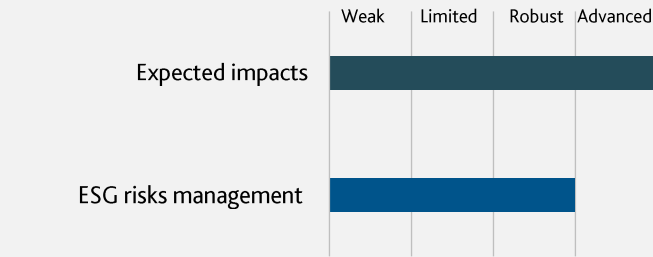
Moody's ESG Solutions considers that General Motors and GM Financial's Sustainable Finance Framework is aligned with the four core components of the ICMA's Green Bond Principles ("GBP") 2021, Social Bond Principles ("SBP") 2021, LMA/APLMA/LSTA's Green Loan Principles ("GLP") 2021 and Social Loan Principles ("SLP") 2021. 

Framework

Contribution to Sustainability:



-  Advanced
-  Limited
-  Robust
-  Weak



SDG Mapping



Characteristics of the Framework

Green and Social Project Categories	⇒ 2 Green categories ⇒ 1 Social category
Target Population	⇒ Defined
Project Locations	North America
Existence of Framework	Yes
Share of Refinancing	To be disclosed for each issuance
Look-back Period	24 months

Issuer

ESG Controversies

Number of Controversies	26
Frequency	Frequent
Severity	Critical
Responsiveness	Reactive

Controversial Activities

The Issuer appears to be involved in one of the 17 controversial activities screened under our methodology:

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

Coherence

Coherent
Partially coherent
Not coherent

Moody's ESG Solutions considers 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.

Key findings

Moody's ESG Solutions considers that General Motors and GM Financial's Sustainable Finance Framework is aligned with the four core components of the GBP, SBP & GLP.

Use of Proceeds – aligned with the GBP, SBP & GLP and best practices identified by Moody's ESG Solutions

- The Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, eligibility criteria and location of Eligible Projects for all categories, as well as the target population for Social 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.
- The Expected Environmental and Social Benefits are clear, relevant and measurable. They will be quantified for all Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing prior to each Instrument 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 & GLP and best practices identified by Moody's ESG Solutions

- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. The process is well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of Eligible Categories). The roles and responsibilities are clear and include relevant internal expertise. The process is publicly disclosed in the Framework and this SPO.
- Eligibility criteria for project selection have been clearly defined and detailed by the Issuer for all Eligible Categories.
- The process applied to identify and manage potentially material ESG risks associated with Eligible Projects is publicly disclosed in this Second Party Opinion. The process is considered robust: it combines identification, monitoring and corrective measures for all Eligible Categories (see detailed analysis on pages 19 - 23).

Management of Proceeds - aligned with the GBP, SBP & GLP and best practices identified by Moody's ESG Solutions

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework and in this SPO.
- The allocation period will be 24 months or less.
- The net proceeds of the Instruments will be placed in the General Treasury and earmarked 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 Instruments are outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Categories.
- 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.

Reporting - aligned with the GBP, SBP & GLP

- 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 available on the Issuer's website.
- The Issuer has committed to include in the reports relevant information related to the allocation of the Bond Proceeds and the estimated sustainable benefits of the Eligible Categories when feasible and subject to confidentiality considerations. The Issuer has also committed to report on material developments and controversies related to the Eligible Projects subject to confidentiality considerations.
- The calculation methodology and key assumptions used to report on the environmental and social benefits of the Eligible Projects will be publicly disclosed as described in the Framework.
- An independent third party will verify the tracking and allocation of funds to Eligible Projects until full allocation and in case of material developments. The reporting on the environmental and social benefits of the Eligible Projects will be verified internally by the Issuer.

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 Instruments¹ (the "Instruments") to be issued by General Motors (GM) or GM Financial (GMF; collectively, the "Issuer") in compliance with the Sustainable Finance 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 ICMA's Green Bond Principles ("GBP") - edited in June 2021 - the Social Bond Principles ("SBP") - edited in June 2021 and the LMA/APLMA/LSTA's Green Loan Principles ("GLP") - edited in February 2021 (referred to together as the "GBP, SBP & GLP").

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 Instruments' potential contribution to sustainability and its alignment with the four core components of the GBP, SBP & GLP.
- 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 Moody's ESG Solutions' exclusive ESG rating database and (iii) information provided from the Issuer, through documents and interviews conducted with the Issuer's managers and stakeholders involved in the Instruments, held via a telecommunications system.

Our opinion and work has been carried out in good faith. Moody's ESG Solutions has not performed any audit, site visit, inspection, nor other tests to establish the accuracy of the information provided by the Issuer. The Issuer is solely responsible for the correctness of the information it has provided and its compliance with, and implementation of, its commitments.

We carried out our due diligence assessment from June 14, 2022 to July 26, 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 Bonds Initiative Certification

Contact

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

² The General Motors Company 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 industrial production process of the automobile sector has major environmental impacts that can be effectively minimized with environmental management systems (including water consumption and pollution, energy consumption, VOC emissions and waste associated with the production process). Environmental management systems such as ISO 14000 standards have already been implemented by most companies in the sector as they are key to the continuous improvement of their environmental performance.

Climate change has been deemed the most critical environmental challenge for the sector as road transport is one of the main contributors to greenhouse gas (GHG) emissions. According to the International Energy Agency (IEA), transport has the highest reliance on fossil fuels of any sector and accounts for 37% of CO₂ emissions from end-use sectors.⁴ The same source states that the Net Zero Emissions by 2050 Scenario requires transport sector emissions to fall by 20% to 5.7 Gt by 2030. The materiality of the issue appears to increase in the future given emission regulations are tightening across the world. In this context, electrification technology is considered to be indispensable for the improvement of the fuel efficiency of vehicles and the promotion of zero-emission vehicles.

In terms of eco-design, taking a life cycle approach to consider environmental criteria from the design stage of product development is a key responsibility for companies in the sector. Automobile companies should ensure to ban the use of hazardous substances in new vehicles, reduce the use of fluorinated gases in vehicle air conditioning and integrate R&D to reduce the environmental impact of vehicles at the use and disposal phases. The impacts of end-of-life products can be reduced through the choice of raw material or working to reduce vehicle weight. This requires the assistance of auto-part suppliers.

According to OECD Guidelines for Multinational Enterprises,⁵ companies should fully consider the established policies of the countries in which they operate. In this regard, companies should contribute to social progress to achieve sustainable development. In addition, companies should encourage business partners, including suppliers and sub-contractors, to apply the principles contained in the OECD Guidelines. The Fundamental ILO Conventions, specifically freedom of association, abolition of forced labor, equality and the elimination of child labor, must be respected in all activities. Also, the ILO Tripartite declaration of principles concerning multinational enterprises and social policy foresees that "Multinational enterprises, particularly when operating in developing countries, should endeavor to increase employment opportunities and standards."

GM has developed a sustainability strategy that is overseen by its Board of Directors and its Sustainability Office. As part of this strategy, in 2021 the company conducted a sustainability priority assessment to identify its sustainability priorities. GM groups the results into nine key topic areas:

- Reducing carbon emissions
- Designing for the environment
- Advancing transformative technologies
- Keeping people safe
- Developing talented & diverse people
- Upholding human rights
- Supporting supplier responsibility
- Building more inclusive communities
- Ensuring responsible governance

As part of its goal to reduce carbon emissions, both in its products and operations, GM has defined targets for electric mobility including the target of more than 1 million units of electric vehicles (EV) capacity in each of North America and China by 2025 and reaching 100% renewable electricity sourcing at its manufacturing sites in the United States by 2025 and globally by 2035. In terms of designing for the environment, the company has defined a zero-waste plan in its operations, which includes achieving over 90% waste diversion from landfills and incineration globally by 2025.

⁴ International Energy Agency (2022). *Transport*. <https://www.iea.org/topics/transport>

⁵ Organisation for Economic Co-operation and Development (2011). *Guidelines for Multinational Enterprises*. <https://www.oecd.org/daf/inv/mne/48004323.pdf>

In terms of developing talent and diversity, GM aims to provide professional training and development opportunities for all employees at all levels, while offering competitive benefits and promoting work-life balance. Another company priority is to promote diversity in its supply chain, which includes actions such as purchasing from diverse Tier I suppliers in North America and inviting their Tier I suppliers to sign their Environmental, Social and Governance (ESG) Partnership Pledge.

The Issuer's Sustainable Financing Framework intends to guide the issuances by General Motors Company and General Motors Financial Company, Inc., which will finance different assets and activities related to GM's sustainability strategy, mainly related to the manufacturing, sale and lease of electric vehicles, as well as promoting diversity and inclusion within GM's workforce and supply chain.

FRAMEWORK

The Issuer has described the main characteristics of the Instruments within a formalized Framework that covers the four core components of the GBP, SBP & GLP 2021 (the last updated version was provided to Moody's ESG Solutions on July 25, 2022). The Issuer has committed to make this document publicly accessible on its website, in line with good market practices.

Alignment with the GBP, SBP, GLP

Use of Proceeds



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

- The Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, eligibility criteria and location of Eligible Projects for all categories, as well as the target population for Social 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.
- The Expected Environmental and Social Benefits are clear, relevant and measurable. They will be quantified for all Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing prior to each Instrument 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 definition and eligibility criteria (selection and exclusion) are clear and in line with international standards for all categories.
- ⇒ The Issuer has committed to transparently communicate the estimated share of refinancing prior to each Instrument issuance.
- ⇒ The look-back period for refinanced assets 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 Framework.

- Location of Eligible Projects: North America⁶

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
GM Instruments				
Clean Transportation	Research and Development	Investments and expenditures dedicated to the advancement of clean transportation technology and enabling solutions (collectively, "Clean Transportation Solutions" ⁷).	<u>Climate Change Mitigation</u> Reduction of CO ₂ emissions	<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 has clarified this Eligible Category will cover investments, including equity investments in joint ventures and expenditures for the design, development or manufacture of Clean Transportation Solutions including those related to zero-emission vehicles (ZEVs)⁸; battery technology, battery storage and battery management systems; fuel cell technology; batteries, battery cells, fuel cells, electric motors and other components used in zero-emission propulsion solutions for the auto and other industries; charging solutions and equipment; energy-as-a-service; and microgrid and vehicle-to-grid. The Eligible Category will exclude allocating proceeds from any Instrument towards research and development, facilities or operations primarily used for the manufacturing of ICE vehicles. The Issuer provided additional clarity on the Operations Eligible sub-Category, noting that: <ul style="list-style-type: none"> Diversion of waste from landfills will include processes to design waste out of operations, reuse materials in products, identify mechanical recycling opportunities and compost biological material; chemical recycling and waste-to-energy projects will not be included. The Issuer confirmed it will use life cycle analysis (LCA) tools to measure GHG emissions from its recycling solutions. Wastewater treatment technologies and projects will have no net added GHG emissions
	Facilities and Infrastructure	Investments, capital and operating expenditures related to: <ul style="list-style-type: none"> New manufacturing facilities Upgrades and modifications to existing manufacturing facilities, including conversion of internal combustion engine ("ICE") facilities to add capability to produce Clean Transportation Solutions Infrastructure related to Clean Transportation Solutions 	<u>Pollution Prevention and Control</u> Wastewater treatment	
	Operations	Investments, capital and operating expenditures related to the development and deployment of resource-efficient Clean Transportation Solutions, including: <ul style="list-style-type: none"> Diversion of waste from landfills including recycling facilities Wastewater technologies and water efficiency upgrades Energy efficiency upgrades and sourcing of renewable energy <ul style="list-style-type: none"> Sourcing of renewable energy will include the installation of on-site wind or solar as well as virtual and direct power purchasing agreements under long-term (>5 years) contracts with wind, solar, biomass (from waste sources, sources that do not deplete carbon stocks or energy crops limited to those with a lifecycle carbon intensity of <100gCO₂/kWh) or geothermal electricity (with direct emissions <100gCO₂/kWh) producers. 	<u>Transition to a Circular Economy</u> Increase recycling	

⁶ If Eligible Projects occur outside of North America, the Issuer will disclose the specific location prior to an Instrument's issuance/offering.

⁷ The name "Clean Transportation Solutions" has been decided by the Issuer: it does not imply any opinion from Moody's ESG Solutions.

⁸ The Issuer has defined ZEVs to include battery electric vehicles, fuel cell electric vehicles, zero-emission autonomous vehicles and other zero-emission transportation solutions such as electric propelled delivery carts.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
				<ul style="list-style-type: none"> ○ Energy efficiency upgrades comprise the Issuer's plans to construct and/or retrofit manufacturing facilities primarily used for ZEVs, using methods such as lighting, HVAC, process efficiencies and metering, as part of the Issuer's goal of reducing energy intensity by 35% by 2035. <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 are 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	Supplier and Dealer Diversity	Expenditures to increase the capacity and capability of diverse suppliers and dealerships by offering training, resources, loans, investments and/or other tools.	<u>Social and Economic Development</u> Increasing job and business opportunities Support training and education	<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"> • <i>Target population:</i> small disadvantaged businesses (as defined by the U.S. Small Business Administration)⁹, minorities (includes African Americans, Asian Americans, Latinos, Native Americans and Pacific Islanders), women, members of the LGBTQIA+ community, people with disabilities, veterans and other underrepresented and/or marginalized populations¹⁰. <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> <p>The expected Social Benefits are clear, relevant and measurable and will be quantified for the Eligible Category in the reporting.</p>
	Diverse & Inclusive Workforce	Expenditures in workforce development programs, training and education, inclusive hiring initiatives and dedicated diversity recruiting programs.		

⁹ To register as a Small Disadvantaged Business, the following criteria set by the Code of Federal Regulations must be met: the firm must be 51% or more owned and controlled by one or more disadvantaged persons; the disadvantaged person or persons must be socially disadvantaged and economically disadvantaged; and the firm must be small, according to SBA's size standards. For more information, see here: <https://www.sba.gov/federal-contracting/contracting-assistance-programs/small-disadvantaged-business>.








¹⁰ The Issuer includes the four groups designated by the Government of Canada's Employment Equity Act – aboriginal peoples, members of visible minorities, persons with disabilities and women – as well as those defined by the United States' Executive Order 13985: Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; persons otherwise adversely affected by persistent poverty or inequality; and populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social and civic life, as exemplified by the preceding list. For more information, see here: <https://www.canada.ca/en/public-service-commission/jobs-services/gc-jobs/employment-equity.html> and <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
GMF Instruments				
Clean Transportation		<p>Loans, leases and other financing products offered to retail customers, dealer financing and fleet financing as well as financing of alternative business models to increase adoption of Clean Transportation Solutions, including:</p> <ul style="list-style-type: none"> - ZEVs¹¹ - Future transportation vehicles using zero-emission propulsion solutions - Clean transportation infrastructure and ecosystems, such as charging solutions and equipment 	<p><u>Climate Change Mitigation</u> Reduction of CO₂ 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> <ul style="list-style-type: none"> • The Issuer provided additional clarity on the Eligible Category's definition, noting that future transportation vehicles using zero-emission propulsion solutions includes passenger and commercial land transportation options, along with other transportation modes using zero-emission propulsion solutions such as electric boats. <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>

¹¹ The Issuer has defined ZEVs to include battery electric vehicles, fuel cell electric vehicles, zero-emission autonomous vehicles and other zero-emission transportation solutions such as electric propelled delivery carts.

SDG Contribution

The Eligible Categories are likely to contribute to 9 of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Socioeconomic Advancement and Empowerment (GM)	 5 Gender Equality	5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
Clean Transportation (GM)	 6 Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors
	 7 Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency
Socioeconomic Advancement and Empowerment (GM)	 8 Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation
Clean Transportation (GM)	 9 Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
Socioeconomic Advancement and Empowerment (GM)	 10 Reduced Inequalities	10.2 By 2030, 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
Clean Transportation (GM and GMF)	 11 Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all
Clean Transportation (GM)	 12 Responsible Production and Consumption	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Clean Transportation (GM and GMF)	 13 Climate Action	SDG 13 is about 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 and detailed by the Issuer. The process is well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of Eligible Categories). The roles and responsibilities are clear and include relevant internal expertise. The process is publicly disclosed in the Framework and this SPO.
- Eligibility criteria for project selection have been clearly defined and detailed by the Issuer for all Eligible Categories.
- The process applied to identify and manage potentially material ESG risks associated with Eligible Projects is publicly disclosed in this Second Party Opinion. The process is considered robust: it combines identification, monitoring and corrective measures for all Eligible Categories (see detailed analysis on pages 19 - 23).

Process for Project Evaluation and Selection

The Issuer has established a Sustainable Financing Council (the "Council") that is responsible for ensuring Eligible Projects' and Eligible Assets' alignment with the Framework. The Council is composed of senior GM and/or GMF representatives from:

- Treasury
- Sustainability
- Controllership
- Product Development Finance
- Investor Relations
- Legal

The Council, which will meet at least once a year, is responsible for:

- Approving the Framework and any subsequent amendments thereto; and
- Approval of the Issuer's annual Sustainable Finance Report.

The Issuer will establish Sustainable Finance Working Groups to manage entity-specific responsibilities pertaining to the evaluation, selection and monitoring of Eligible Projects. The GM and GMF Sustainable Finance Working Groups will consist of representatives from each entity's respective Treasury team and representatives from the teams comprising the Council, as applicable.

The GM Sustainable Finance Working Group will meet once a year or more often as needed, and the GMF Sustainable Finance Working Group will meet quarterly or more often as needed.

The GM Sustainable Finance Working Group is also responsible for:

- Identifying and selecting investments and expenditures that meet the Eligibility Criteria to be included in the Instruments, including confirming that a review of the environmental and social risks, as applicable, of an Eligible Project has been performed prior to selection; and
- Evaluating and reviewing the Eligible Projects for conformance to the Eligibility Criteria and for material controversies. In case of Eligible Project divestment, if an Eligible Project no longer meets the Eligibility Criteria or if an Eligible Project is subject to material controversies that are not promptly remedied, GM will use reasonable efforts to to reallocate the proceeds to an investment or expenditure that meets the Eligibility Criteria set forth in the Framework.

The GMF Sustainable Finance Working Group is also responsible for:

- Identifying and selecting loans, leases and other financing products that are aligned with the Eligibility Criteria (individually an "Eligible Asset" and jointly the "Eligible Portfolio"); and

- Regularly evaluating and reviewing the Eligible Portfolio and replacing maturing Eligible Assets as well as those that cease to meet the Eligibility Criteria with new Eligible Assets that meet the Eligibility Criteria, under the oversight of GMF's Asset-Liability Committee (the "ALCO").
- The traceability and verification of the selection and evaluation of the projects and expenditures are ensured throughout the process:
 - GMF's ALCO is responsible for overseeing monitoring compliance of Eligible Assets financed under GMF's Clean Transportation category; the GMF Sustainable Finance Working Group is responsible for the monitoring of compliance.
 - Similarly, the Council is responsible for overseeing monitoring compliance of Eligible Projects financed under GM's Clean Transportation and Socioeconomic Advancement and Empowerment categories; the GM Sustainable Finance Working Group is responsible for the monitoring of compliance of Eligible Projects financed under both categories.
 - The Issuer intends to monitor the compliance and potential ESG controversies of projects and expenditures throughout the life of the Instruments. GM's Global Sustainability team monitors the ESG controversies of all GM activities as part of GM's ongoing risk management and ESG controversies relating to financed Eligible Projects will be raised to the relevant Sustainable Finance Working Group for review and oversight of any remedial actions needed to be taken.
 - The Issuer will publish any material developments related to projects or assets financed, including ESG controversies, where feasible and subject to confidentiality considerations.
 - The decision-making process will be tracked and kept in the Issuer's internal records.

Eligibility Criteria

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

- The selection criteria have been clearly defined by the Issuer and are based on the definitions in the Eligible Categories defined in Table 1 in the Use of Proceeds section.
- The exclusion criteria have been included for certain categories where relevant. The excluded activities have been included in Table 1.

BEST PRACTICES

- ⇒ The Issuer reports that it will monitor compliance of selected and financed Eligible Projects with the eligibility criteria specified in the Framework throughout the life of the Instruments 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 Eligible 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 and in this SPO.
- The allocation period will be 24 months or less.
- The net proceeds of the Instruments will be placed in the General Treasury and earmarked 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 Instruments are outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Categories.
- 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.

Management Process

GM:

- Pending full allocation, net proceeds of the Instruments may be invested in cash or cash equivalents, used to repay existing borrowings and/or held per GM's general liquidity policy, with the proceeds earmarked by GM. The Issuer reported that net proceeds will not be knowingly used to finance or invested in securities related to GHG-intensive or controversial activities.
- An amount equal to the net proceeds of any Instrument is intended to be allocated to new Eligible Projects or the refinancing of Eligible Projects within 24 months after an Instrument's issuance, per review of the GM Sustainable Finance Working Group.
- The GM Sustainable Finance Working Group will be responsible for maintaining an internal register to track allocation of funds from Instruments to Eligible Projects.
- In case of a project's postponement, cancellation, divestment or ineligibility, the Issuer has committed to use reasonable efforts to reallocate the proceeds to an Eligible Project within 24 months after the initial Eligible Project is divested or the GM Sustainable Finance Working Group becomes aware of the Eligible Project's failure to meet the Eligibility Criteria, as applicable.
- Payment of principal and interest on the Instruments will be made from GM's general account and will not be linked to the performance of the Eligible Projects.

GMF:

- Pending full allocation, net proceeds of the Instruments may be invested in cash or cash equivalents, used to repay existing borrowings and/or held per GMF's general liquidity policy, with the proceeds earmarked by GMF. The Issuer reported that net proceeds will not be knowingly used to finance or invested in securities related to GHG-intensive or controversial activities.
- The ALCO meets at least quarterly and is responsible for ensuring that the aggregate amount of the Eligible Portfolio is equal to or greater than the aggregate amount of the outstanding Instruments within 24 months after the issuance of each Instrument.
- The GMF Sustainable Finance Working Group will be responsible for tracking an internal register of the Eligible Assets allocated to the Eligible Portfolio under the oversight of GMF's ALCO.
- The GMF Sustainable Finance Working Group will continually be adding new Eligible Assets to the Eligible Portfolio to replace those being removed when they mature or cease to meet the Eligibility Criteria (whether due to a project's postponement, cancellation divestment or ineligibility). After the initial look-forward period, Eligible Assets will be replaced within 12 months.
- Payment of principal and interest on the Instruments will be made from GMF's general account and will not be linked to the performance of the Eligible Projects.

BEST PRACTICES

- ⇒ The allocation period is 24 months or less.
- ⇒ The Issuer has committed not to knowingly 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 material postponement and has committed to reallocate divested proceeds to Eligible Projects that are compliant with the Framework.

Reporting



- 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 available on the Issuer's website.
- The Issuer has committed to include in the reports relevant information related to the allocation of the Bond Proceeds and the estimated sustainable benefits of the Eligible Categories when feasible and subject to confidentiality considerations. The Issuer has also committed to report on material developments and controversies related to the Eligible Projects subject to confidentiality considerations.
- The calculation methodology and key assumptions used to report on the environmental and social benefits of the Eligible Projects will be publicly disclosed as described in the Framework.
- An independent third party will verify the tracking and allocation of funds to Eligible Projects until full allocation and in case of material developments. The reporting on the environmental and social benefits of the Eligible Projects will be verified internally by the Issuer.

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
⇒ An overview of Eligible Projects (re)financed, including a brief description, subject to confidentiality considerations
⇒ The aggregated amount of (re)allocated net proceeds to Eligible Projects
⇒ The proportion of financing vs refinancing (%)
⇒ The share of third-party co-financing (%), if applicable
⇒ The balance of the unallocated proceeds

- Environmental and social benefits: The indicators selected by the Issuer to report on the environmental and social benefits are clear, relevant and exhaustive.

ELIGIBLE CATEGORIES	EXAMPLE SUSTAINABLE BENEFIT INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Clean Transportation (GM)	<ul style="list-style-type: none"> • Number of zero-emission vehicles sold (#) • Incremental battery production capacity from use of proceeds (#) • Annual energy savings (MWh) • Total amount of waste reduction from project/location identified (tonnes) • Reduction of weight of generated waste, related to the specific project/location identified (tonnes) • Number of recharging stations installed (#) • Total Number of vehicles V2G enabled (#) • Installed renewable energy capacity (MW) • Renewable energy produced / procured (MWh) 	<ul style="list-style-type: none"> ▪ Annual tailpipe Greenhouse Gas (GHG) emissions avoided (tCO₂e) from vehicle use ▪ CO₂ reductions attributed to V2G (tCO₂) ▪ Volume of treated or reused wastewater (m³) ▪ Water use (m³/gallons) or intensity reduction (m³/vehicle) ▪ Sales-weighted average passenger fleet fuel economy by region (Mpg, L/km, gCO₂/km)¹²
Socioeconomic Advancement and Empowerment (GM)		<ul style="list-style-type: none"> ▪ Number of diverse suppliers & dealers impacted by training/development and other resource programs ▪ Number of Skills-First hires ▪ Number of individuals impacted by skills-based training and development programs
Clean Transportation (GMF)	<ul style="list-style-type: none"> ▪ Number of zero-emission vehicles financed 	<ul style="list-style-type: none"> ▪ Estimation of annual Greenhouse Gas (GHG) emissions avoided (tCO₂e)

BEST PRACTICES

- ⇒ The Issuer report will be publicly available.
- ⇒ The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the Eligible Projects. The Issuer has also committed to report on material developments related to the Eligible Projects, including ESG controversies.
- ⇒ The indicators selected by the Issuer are clear and relevant with regards to allocation reporting.
- ⇒ The indicators selected by the Issuer are clear and relevant and cover expected benefits associated with the Eligible Categories.
- ⇒ The calculation methodology and key assumptions used to report on the environmental and social benefits of the Eligible Categories will be disclosed publicly.

¹² Methodology: Average F/E calculated by model year as required for regulatory purposes.

CONTRIBUTION TO SUSTAINABILITY

Expected Impacts

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

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Clean Transportation: Research and Development (GM)	ADVANCED	<p>Eligible Projects to be financed in this Eligible sub-Category include research and development towards the manufacturing of ZEVs and into clean transportation technology and enabling solutions, one of the sector's key environmental priorities. Increasing the deployment of ZEVs as well as the enabling and supportive technologies and infrastructure has been highlighted by national and international regulators and policymakers as critical to a low-carbon economy. In North America, Canada announced a target¹³ for 100% of new light-duty vehicles and passenger trucks to be zero-emission by 2035 and the United States issued a federal goal¹⁴ for ZEVs to comprise 50% of new passenger cars and light trucks by 2030.</p> <p>IEA has forecast that the transport sector will need to realize a 90% decrease in CO₂ emissions by 2050 relative to 2020 levels as part of its Net Zero by 2050 roadmap. The IEA notes that, with passenger travel doubling in that time, this will necessitate battery-electric, plug-in hybrid and fuel cell electric light-duty vehicles to increase from 11 million in 2020 to nearly 2 billion in 2050.¹⁵ This Eligible sub-Category seeks to not only enhance the efficiency and production of such ZEVs and clean transportation options but will also direct investments and expenditures that will alleviate core barriers in the transition, including fuel options, battery management, charging infrastructure and grid interconnectivity.</p>
Clean Transportation: Facilities and Infrastructure (GM)	ADVANCED	<p>This Eligible sub-Category can contribute to climate change mitigation through the manufacturing of ZEVs, which is considered a key environmental challenge for the sector. The projects to be financed will benefit the company and its supply chain. The Eligible Projects are expected to have a positive environmental impact by reducing the CO₂ emitted from the vehicles, benefiting the entire society and the environment.</p>
Clean Transportation: Operations (GM)	ADVANCED	<p>Eligible Projects in this Eligible sub-Category will have an overall positive environmental impact, contributing to the reduction in waste, the protection of water resources, strengthening the circular economy and increasing renewable energy and energy efficiency in the manufacturing and production processes of ZEVs. The various components of the Eligible sub-Category, all geared towards Clean Transportation Solutions as defined in Table 1, address some of the most material environmental issues faced by the auto sector, including waste reduction, natural resource management and energy use, positively impacting multiple stakeholders at the local, regional and national level.</p> <p>Eligible Projects relating to waste reduction will contribute to greater resource efficiency and reduce the overall carbon footprint in the operations process. The Issuer has noted that LCA will be deployed to evaluate the GHG emissions of potential waste-related Eligible Projects and will exclude those with high emissions intensity, such as chemical recycling processes, and waste-to-energy initiatives.</p> <p>Wastewater technologies financed under this Eligible sub-Category seek to mitigate water-intensive processes of the automobile industry while</p>

¹³ Government of Canada (2021). *Building a green economy: Government of Canada to require 100% of car and passenger truck sales be zero-emission by 2035 in Canada*. <https://www.canada.ca/en/transport-canada/news/2021/06/building-a-green-economy-government-of-canada-to-require-100-of-car-and-passenger-truck-sales-be-zero-emission-by-2035-in-canada.html>

¹⁴ United States Government (2021). *Executive Order 14037: Executive Order on Strengthening American Leadership in Clean Cars and Trucks*. <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/08/05/executive-order-on-strengthening-american-leadership-in-clean-cars-and-trucks/>

¹⁵ International Energy Agency (2021). *Net Zero by 2050: A Roadmap for the Global Energy Sector*. https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
		<p>also contributing to the Issuer's overall efficiency targets, namely a 35% reduction of water intensity in operations by 2025 as compared to a 2010 baseline. The Issuer confirmed wastewater projects will have no net added GHG emissions, in line with international standards.</p> <p>Similarly, the energy components of this Eligible sub-Category, financing energy efficiency and renewable energy, will support the company's as well as national and regional climate mitigation efforts. Global institutions have highlighted increased renewable energy as core to the transition to a sustainable energy system,¹⁶ and energy efficiency represents one of the cleanest and, in most cases, cheapest ways to meet energy needs.¹⁷ Although there are no direct thresholds for energy efficiency Eligible Projects, projects will support the Issuer's overall energy efficiency targets, and the renewable energy expenditures will be predominantly directed towards procuring clean energy rather than production.</p>
Socioeconomic Advancement and Empowerment (GM)	ROBUST	<p>The Eligible Projects in this category will mainly contribute to reducing inequalities, by providing opportunities within North America as well as by creating jobs and providing trainings to the target populations noted in Table 1 and the Framework. Under the Eligible sub-Category Supplier and Dealer Diversity, The Issuer will provide financing and training resources to the defined target populations, which will enable the empowerment of these groups in the short-, medium- and long term. Expenditures under the second Eligible sub-Category, Diverse & Inclusive Workforce, will contribute to reducing inequalities by creating job opportunities and providing trainings to the target populations, including women, members of the LGBTQ+ community, veterans, people with disabilities and other underrepresented and marginalized populations, as defined by national legislation.</p>
Clean Transportation (GMF)	ADVANCED	<p>Projects within this Eligible Category will contribute to climate change mitigation by supporting retail customers, auto dealers and others with better access to financing products for the deployment of ZEVs and other clean transportation solutions (as detailed in Table 1). Such Eligible Projects will contribute to increased ZEV ridership and has the potential to strengthen the economic and financial environment for clean transportation transition in the long-term through the provision of financing solutions and alternative business models.</p>
OVERALL ASSESSMENT	ADVANCED	

¹⁶ International Energy Agency (2022). *Renewables*. <https://www.iea.org/fuels-and-technologies/renewables>

¹⁷ International Energy Agency (2021). *Energy Efficiency Indicators: Overview*. <https://www.iea.org/reports/energy-efficiency-indicators-overview/highlights>

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 robust¹⁸.

	ELIGIBLE CATEGORIES		
	CLEAN TRANSPORTATION (GM)	SOCIOECONOMIC ADVANCEMENT AND EMPOWERMENT (GM)	CLEAN TRNSPORTATION (GMF)
Environmental Risks	X		
Human Rights	X	X	
Health & Safety	X		
Socioeconomic Development	x		
Customers and Suppliers		X	X
Ethics	X	X	X
OVERALL ASSESSMENT	Robust	Robust	Robust

Environmental Risks

Environmental Management Systems and Environmental Impact Assessments

General Motors reports all its manufacturing facilities have implemented Environmental Management System (EMS). GM's EMS combines elements of ISO 14001 and management system elements that are unique to their operations. A Global Enterprise ISO 14001 Certificate was issued to GM on February 21, 2022. GM reports it recently expanded its global ISO 14001 enterprise program to include new manufacturing operations and additional nonmanufacturing sites. During the first quarter of 2022, GM added nine additional Canadian non-manufacturing sites beyond the initial ISO 24001 certified sites.

Regarding environmental impact assessments of their manufacturing sites, GM has two policies to address environmental risks associated with real estate transactions – the EPC-005 Environmental Due Diligence for Corporate and Real Estate Transactions and GPP-09 Global Environmental Risk Management Policy for Corporate and Real Estate Transactions. GM reports these policies apply to all GM business units entering transactions involving an interest in real property—whether for manufacturing or non-manufacturing purposes—including property divestitures or acquisitions, leases, licenses and joint ventures. Under these policies, an Environmental Due Diligence (“EDD”) is conducted for real estate transactions being considered by the Issuer, including property divestitures or acquisitions, joint ventures in which GM has a controlling interest, leases and licenses.

GM states environmental impacts are assessed during the EDD process and the related actions to limit, mitigate or compensate for the negative impacts are addressed as part of the site selection and project permitting process. GM reports similar reviews to take place for major construction projects for the conversion of ICE to EV facilities.

Eco-design and circular economy

GM reports integrating eco-design measures in the manufacturing of their vehicles and associated products, currently achieving over 85 percent of vehicle parts and materials by mass that are capable of being recycled or reused at the end of the vehicle life.

In 2021 GM reported having utilized over 17 million pounds of recycled plastics and currently is working to increase the recycled plastics utilized in their future vehicles. GM has also implemented measures to recycle the batteries of their vehicles including collaborating with the Department of Energy's U.S Advanced Battery consortium and recyclers to promote lithium-

¹⁸ The “X” indicates the E&S risks that have been activated for each Eligible Category.

ion battery recycling. In addition, through the sourcing of recycled materials, GM uses new hydrometallurgical processes to produce battery materials with approximately a 30% lower carbon footprint than when mined.

Finally, GM is a founding member of the Global Platform for Sustainable Natural Rubber¹⁹, a multistakeholder initiative whose goal is to transition the natural rubber supply chain to a more sustainable model.

Energy efficiency and GHG emissions

General Motors has committed to sourcing 100% of its electrical energy needs from renewable sources by 2025 in the United States and by 2035 globally. GM has also committed to a 35% reduction in global operational energy and water intensity by 2035 using the base year of 2010.

GM reports to use a combination of real-time facility Energy Management tools to monitor facility operational efficiency and validate performance using our bill payment tool which analyzes invoice data to monitor & validate energy performance. In its annual sustainability reports, GM publicly reports on its GHG performance, which has third-party verification of selected metrics.

To address scope 3 emissions, related to their sold products, the Issuer targets to achieve sales of 40% to 50% of annual U.S. volumes of EVs by 2030, while eliminating tailpipe emissions from new light-duty vehicles by 2035. In terms of emissions produced in its supply chain, GM has invited its Tier I suppliers to sign the GM ESG Partnership Pledge to show their commitment towards sustainability and they report to monitor their suppliers' environmental and social progress through the CDP and EcoVadis initiatives.²⁰

Waste management

GM reports having processes in place to ensure the proper handling and disposal of all secondary materials. These processes cascade into the overarching Zero Waste program, in which, GM aims to divert more than 90% of operational waste from landfills and incinerators by 2025.

Firstly, all waste handling facilities are audited before use, with the aim to ensure facilities adhere to strict compliance guidelines and are handling waste in accordance with GM's policies. This also applies to all contractor/construction-generated waste. All projects implemented at GM must complete an Environmental Checklist, which is then audited through the Environmental Operations department. This helps ensure waste is documented and managed properly.

GM also has programs in place to reduce overall waste generated at their facilities and divert additional waste streams from landfills, incineration and energy recovery facilities.

Finally, to address potential environmental accidents, GM report that as part of their General Motors Construction General Terms and Conditions, parties involved in the conduction and development of manufacturing sites must implement controls and preventative measures to prevent stormwater runoff at the project site from being contaminated during the works and includes the requirements to prepare and implement all required stormwater plans and obtain all required stormwater permits and approvals.

Operationally, Emergency Response Plans (ERP) are developed and maintained at each site by the Emergency Response Coordinating Teams to create the appropriate response plans for emergencies. For small non-manufacturing sites, GM reports an Emergency Action Plan (EAP) may be used in place of the ERP. These plans must include actions for reasonably foreseeable emergencies based on the occupancy, location and other factors specific to the site.

End-of-life decommissioning

General Motors reports having specialized teams responsible for determining the best end-of-life decision for all of GM's assets and scrap material, in coherence with GM's zero waste strategy. To mitigate the environmental impacts of end-of-life/decommissioning of assets, GM has implemented initiatives such as the auction of items direct from GM sites to prevent double logistics emissions, reusing, reselling or recycling assets to prevent landfilling working assets with useful life.

GM states its decommissioning process for asset disposal and decommissioning of equipment includes multiple environmental checks like draining of all fluids and oils, collection of refrigerants and environmental testing for detection of PCBs, lead and asbestos. Other initiatives conducted by GM include the harvesting of usable parts from equipment (control panels, circuits, switches, cables, spindles, etc.) to reduce the amount of scrap going into demolition.

Human Rights

GM has a Human Rights Policy²¹ guided by the UN Guiding Principles on Business and Human Rights that covers international Human Rights standards such as the Universal Declaration of Human Rights, the International Labour Organization's (ILO)

¹⁹ Global Platform for Sustainable Natural Rubber. <https://sustainablenaturalrubber.org/>

²⁰ General Motors. *Integrating Sustainability Into Our Supply Chain*. <https://www.gmsustainability.com/priorities/supporting-supplier-responsibility/supply-chain-sustainability.html#:~:text=Our%20ESG%20Partnership%20Pledge%20embraces%20sustainability%20in%20a, reducing%20economy-wide%20carbon%20emissions%20and%20serving%20our%20communities>

²¹ General Motors (2021). *Human Rights Policy*. https://www.gmsustainability.com/pdf/policies/GM_Global_Human_Rights_Policy.pdf

Declaration on Fundamental Principles and Rights at Work (the ILO Core Conventions), the OECD Guidelines for Multinational Enterprises and the UN Global Compact.

GM's Chief Sustainability Officer is the Executive-in-Charge of the corporate Human Rights Policy, though various other leaders are responsible for different dimensions of Human Rights, such as the supply chain (VP Global Purchasing and Supply Chain) and their workforce (VP Human Resources). GM has published a Corporate Human Rights Benchmark Disclosure (CHRB) through which it reports on the different Human Rights due diligence, including risk management, policy communications and training as well as setting performance incentives at the senior management level.

General Motor's Human Rights policies are applied through their supply chain according to their Supplier Code of Conduct. Also, GM uses an external party platform to conduct individual ESG performance assessments of their suppliers based on labor, ethics, Human Rights and other dimensions. GM reports that low-scoring suppliers are contacted by GM to implement corrective actions.

Health & Safety

General Motors' strategy towards health & safety highlights five key focus dimensions: Safety Culture, Risk Mitigation, Knowledge, Safety Systems and Data. GM's safety policy applies to all employees, agents, sales representatives, distributors, independent contractors, third-party suppliers and contract workers.

GM has a Workplace Safety System (WSS), which is reportedly aligned with international standards such as ISO 45001 and provides a framework to manage health and safety matters that may arise in projects. The WSS includes a Plan-Do-Check-Act (PDCA) cycle, which focuses on hazard and risk identification and control, training, employee engagement, communication, incident investigation, safety tours, corrective action plans and regular validations and leadership reviews.

This WSS also covers GM's expectations for contractors through their performance standards. GM reports all new contracts, purchase orders or service agreements that incorporate GM's standard terms and conditions clearly outline GM's safety requirements. Also, the Issuer's expectations for suppliers are described in the Supplier Code of Conduct.

GM's approach to health and safety includes mental health and well-being. GM published a COVID-19 Employee Guide, which covered protocols for entering our facilities, mask-wearing and physical distancing, keeping spaces clean and ventilated and handling suspected COVID-19 cases. GM reports all employees are required to undergo training for COVID-19 protocols.

Regarding product safety, GM has a Global Product Safety Management Process led by the vice president of global product safety who is responsible for confirming and validating vehicle safety performance, identifying emerging issues and conducting field actions, including recalls. GM also has a Speak Up For Safety program designed to give employees, customers, suppliers and dealers a way to report potential vehicle safety issues and suggest improvements. Concerns can be submitted through a toll-free phone number, a smartphone app, email or the Speak Up For Safety website.

Furthermore, GM has developed its safety strategy, which works on safety research, advocacy and technology to help ensure the safety of drivers, passengers and general safety of the road. Their approach includes research collaboration with research organizations, such as the Virginia Tech Transportation Institute (VTTI) and the University of Michigan Transportation Research Institute (UMTRI), and safety advocacy efforts to support nonprofit organizations, including Safe Kids Worldwide.

Socioeconomic Development

General Motors reports promoting socioeconomic development through the engagement of local communities in their projects and facilities. Their process considers working with state and local governments to socialize new jobs available in the community to increase the likelihood of attracting local qualified applicants where feasible and asking GM's contractors to use local vendors and suppliers for large-scale construction projects as well as for local support services when feasible.

GM has an overall Social Impact strategy focused on philanthropic investments in four key areas: STEM education, vehicle and road safety, community development and climate equity, with a focus on diversity, equity and inclusion.²² In its latest Social Impact Report, GM highlighted that in 2021 they engaged with STEM-focused nonprofits to help increase the number of students who earn a STEM degree, since 2017 making grants of about U\$54 million in STEM education programs and reaching over 790 thousand students.

Similarly, GM's investments in Community Development are related to increasing access to skills training as well as positively impacting communities where they operate, for instance by providing grants to BIPOC-owned small businesses.

GM reports to comply with the timely payment of taxes and that for certain projects they secure tax abatements and, if indicated, try to make sure the schools are not impacted.

²² General Motors. *An Inclusive Social Impact Strategy*. <https://www.gmsustainability.com/priorities/building-more-inclusive-communities/social-impact-strategy.html>

Finally, GM reports contributing to vehicle and road safety by financing programs to promote the use of seat belts and safety restraints, as well as raising awareness on road safety practices. GM reported granting about U\$13 million since 2017 towards vehicle and road safety initiatives.

Customers and Suppliers

GM reports providing information on the terms and conditions (T&C) of their business agreements with suppliers by including these in requests for quotation (RFQs) packages during sourcing. The T&Cs are also included in contracts which incorporate GM's standard T&C, and relevant documentation is reportedly available on GM's SupplyPower web portal, to which all suppliers have access.

To assess the feedback provided by suppliers about working with GM, GM reports that its North American suppliers participate annually in the North American Automotive OEM-Supplier Working Relations Index. GM evaluates its scores in this index and discusses opportunities and trends internally in order to determine actions it can take to further strengthen supplier relationships. GM also conducts another similar survey generated internally and provided to suppliers for the same purpose.

For GMF, the terms and conditions of their vehicle lease agreements are provided through different forms which are compliant with federal and state laws. GMF reports its website offers a section for Lease Customers with an exhaustive FAQ page. The website also has a specific site that compares vehicle leasing and purchasing to ensure customers can make the best decision for their respective situations. The Issuer also reports having a toll-free number for call support, a number for text support and a message option for our customers to receive additional support.

GMF customers can log complaints via their website, over the phone, through messaging and chat, or through social media. GMF team members are responsible for identifying complaints and resolving them through normal business processes. The Issuer has a Complaint Tracking System (CTS) to capture and manage all consumer complaints. GMF Compliance team also conducts trend analysis on the complaints entered into the CTS and oversees the CRC (Complaint Review Committee). This committee includes stakeholders from various business units to review and understand trends in complaints across GMF weekly.

Ethics

General Motors has a Global Ethics and Compliance Center that maintains a corporate ethics and compliance program that aligns with applicable legal standards, including the U.S. Federal Sentencing Guidelines and Department of Justice guidance. The ethics and compliance program is regularly assessed and externally validated and GM has been recognized by Ethisphere, for the third year in a row, as one of the World's Most Ethical Companies. GM's Code of Conduct²³ covers business ethics, including conflicts of interest, compliance with laws, anti-corruption, privacy and antitrust issues. Furthermore, GM has a Global Integrity Policy (Gifts, Entertainment and Anti-Corruption)²⁴ which specifically addresses anti-corruption prevention, as well as a Related Party Transactions Policy²⁵, which is overseen by the Governance and Corporate Responsibility Committee of the Board of Directors.

For lobbying activities, GM annually files public lobbying reports according to the Lobbying Disclosure Act and relevant state regulations as well as an enhanced political engagement disclosure document, with principles, federal, state and local priorities and trade associations.

GM reports having a confidential reporting system, available 24/7, to address any violations of the Code of Conduct and related policies. GM also has a Non-Retaliation Policy and internal investigation functions to ensure the appropriate resolution of allegations and potential issues. In addition, the Issuer reports conducting risk-based due diligence on suppliers and business partners.

GMF also has a Code of Business Conduct and Ethics that requires fair dealing and competition and prohibits the theft of proprietary information which applies to all GMF employees and contractors. GMF's Internal Audit team conducts periodic reviews of compliance with its Code, and suspected violations may be confidentially reported through their confidential reporting system (Awareline).

GMF maintains a global Conflict of Interest policy that defines potential conflicts of interest, requires prompt disclosure by employees of any new potential conflicts and prohibits related parties or parties in personal or business relationships from directly reporting to each other. This policy is supplemented through training completed by all employees upon hire and then annually on potential conflicts of interest and the obligation to report.

GMF also reports maintaining a global Anti-Corruption policy to ensure its compliance with the Foreign Corrupt Practices Act (FCPA), country-specific laws and any other rules and regulations regarding bribery and corruption. The policy is supplemented by annual training on anti-corruption requirements and potential red flags required of every employee. GMF

²³ General Motors. *Code of Conduct: Winning with Integrity*. <https://investor.gm.com/static-files/396dd496-c909-4091-8108-2a7a1e801330>

²⁴ General Motors. *Global Integrity Policy (Gifts, Entertainment and Anti-Corruption)*.

https://www.gmsustainability.com/pdf/policies/GM_Global_Integrity_Policy.pdf?v2020=

²⁵ General Motors. *Related Party Transactions Policy*. <https://investor.gm.com/static-files/b8c5afa2-2b04-4e2f-a0b8-9676f53121d1>

requires internal due diligence of any non-US representative, including foreign government representatives, before any dealing.

GMF reports its Anti-Corruption policy applies to all GMF employees, and GMF takes reasonable measures to ensure that all contractors, consultants, supplier, agents and their respective officers, directors and employees also comply with its policies. GMF's Internal Audit team reportedly conducts periodic reviews regarding compliance with these policies, and suspected policy violations may be confidentially reported through Awareline.

ISSUER

Management of ESG Controversies

As of July 2022, General Motors faces 26 stakeholder-related ESG controversies, linked to five of the six domains we analyze:

- Human Resources: related to social dialogue, reorganizations, quality of remuneration systems and health & safety.
- Human Rights: related to fundamental labor rights.
- Community involvement: related to social and economic development.
- Business behavior: related to product safety, information to customers, responsible customer relations, environmental and social standards in the supply chain, and corruption.
- Corporate Governance: related to audit & internal controls.

Frequency: General Motors controversies are considered "frequent"²⁶; above the sector average.

Severity: The severity of the controversies, based on the analysis of the impact on both the Issuer and its stakeholders, is considered "critical"²⁷; above the sector average.

Responsiveness: General is considered overall "reactive"²⁸; in line with the sector.

Involvement in Controversial Activities

The Issuer appears to be involved in one of the 17 controversial activities screened under our methodology:

- **Minor involvement in military:** General Motors has an estimated turnover from military sales which is below 5% of total turnover. This turnover is derived from the production of military vehicles and related parts and components, including those for combat vehicles. The Company supplies engines for combat vehicles. For example, engine producer owned by General Motors, DMAX Ltd., produces Banks D866T defense-specific 6.6-liter diesel base engines in its Duramax engine plant in Moraine (Ohio). These engines power the U.S. military's Oshkosh Joint Light Tactical Vehicles. The JLTV's Heavy Guns Carrier (HGC) and Close Combat Weapons Carrier (CCWC) configurations come with a turret armed with heavy machine guns, etc.

The Issuer appears to not be involved in any of the other 16 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, 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.

²⁶ M ESG scale of assessment: Isolated / Occasional / Frequent / Persistent.

²⁷ M ESG scale of assessment: Minor / Significant / High / Critical.

²⁸ M ESG 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/or 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"), the LMA/APLMA/LSTA's Green Loan Principles - February 2021 ("GLP") 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;²⁹
- 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.

²⁹ 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.

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