KPMG Services Pte. Ltd.
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Confidential
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

14 July 2022

Dear Sirs

Validation Letter ("Letter"): Monetary Authority of Singapore ("MAS") sets Science-Based Greenhouse Gas ("GHG") Emissions Targets

The objective and purpose of the Letter is to set out KPMG Services Pte. Ltd ("KPMG", "us" or "our") observations in relation to validating the GHG emissions reduction targets set by MAS, based on the scope of work agreed in the contract terms between MAS and us in relation to our Assessing MAS' GHG Inventory and Reduction Targets engagement, and not to ensure the accuracy or completeness of any reporting numbers.

As the GHG emissions inventory forms an integral part of the GHG emissions targets profile, KPMG also reviewed MAS' GHG inventory as part of the review exercise.

KPMG Services Pte. Ltd ("KPMG") is pleased to provide our observations in relation to MAS' carbon inventory and methodology adopted by MAS to set their GHG emissions targets in this Letter.

In the course of our work, we have provided our observations on the methodology adopted by MAS, as described below, to set science based GHG emissions targets with reference to applicable portions of the GHG Protocol and the Science Based Targets Initiative's (SBTi) Criteria Version 4.2.

The Monetary Authority of Singapore ("MAS" or "You") has committed to GHG emissions targets relating to Scope 1, Scope 2, and Scope 3 emissions. Your GHG emissions targets have been reviewed and validated with reference to the methodology approved by the SBTi Version 4.2.

It is noted that SBTi does not have public sector guidance for organisations such as central banks and does not validate targets from public institutions at the time when MAS developed its targets and as at the date of this Letter. The Letter, therefore, does not constitute an official SBTi-approved verification against SBTi standards and methodologies.

MAS has set near-term targets relating to Scope 1, Scope 2, Scope 3 (Business Air Travel) and Scope 3 (Outsourced Currency Operations), which were developed with reference to the SBTi methodology.

In particular, MAS has set Scope 1, Scope 2, and Scope 3 (Business Air Travel) targets to reduce emissions by 17.5% and 30% by 2025 and 2030 respectively, and Scope 3 (Outsourced Currency Operations) target to reduce emissions by 10% and 20% by 2025 and 2030 respectively, against a 2018 baseline.

<u>Our observations</u>

The boundaries of your GHG emissions target are as follows:

— GHG emissions are defined by the operational control boundary approach as an appropriate approach described set out in the GHG Protocol;
— The scope is set at the highest Group level covering all relevant activities in the MAS Building, MAS Currency House, Beijing office, London office, Shanghai office, and New York office;
— Your targets cover direct emissions (Scope 1), indirect emissions (Scope 2) and indirect emissions from business travel, purchased goods and services, upstream transportation and distribution, and waste generated (Scope 3). Scope 1 emissions include stationary combustion of diesel in Singapore buildings, mobile combustion of petrol for cars, and fugitive emissions. Scope 2 emissions derive from the use of electricity in all buildings, calculated using the location-based approach. Scope 3 emissions include purchased goods and services (category 1), upstream transportation and distribution (category 4), waste generated (category 5), business travel (category 6) and downstream leased assets (category 13).

The carbon footprint baseline you have used is as follows:

— The 2018 reporting year has been set as the baseline financial year;
— The 2025 and 2030 reporting years have been set as near-term target years;
— You have calculated these targets using the Absolute Contraction approach, referencing the methodology in SBTi Version 4.2;
— The following GHG reduction targets from a 2018 baseline year have been materially determined to be in line with this methodological approach:
    - A reduction of 17.5% and 30% of absolute emissions by 2025 and 2030, respectively, for Scope 1, Scope 2, and Scope 3 (Business Air Travel), consistent with the well-below 2 degrees scenario.
    - A reduction of 10% and 20% of absolute emissions by 2025 and 2030, respectively, for Scope 3 (Outsourced Currency Operations), consistent with a 2 degrees scenario, given their mandate to meet public demand for currency.

Our observations have been discussed with MAS, and no further action is required.

We draw your attention to the limitations in our scope of work and the information available to us. These limitations will have a corresponding impact on the observations we are able to make. In preparing this Letter, our observations regarding MAS' methodology for setting MAS' Science-based GHG emissions targets are based on an office-based reading and analysis of documentation, academic references, and analytical results as provided by you and in the public domain in the course of our work.

The scope of our work was different from that of an audit or a review, and, consequently, no assurance is expressed.

This Letter is valid as of the date of this letter, and the observations are based on the methodology described above; the observations may be different if the methodology or circumstances (such as nature of activities or date of review) changes, subject to the provisions in this Letter.

Restrictions

You acknowledge that our duty of care with respect to the services performed in the engagement and this Letter shall, at all times, be limited to you. We shall have no responsibility whatsoever to any third party in respect of our services or deliverables or the Permitted Communication.

For and on behalf of
KPMG Services Pte. Ltd

Pamela Fan
Executive Director