

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Sponsors and Green Finance Framework

EUSOLAG European Solar AG – Special Purpose Vehicle of Seedent Partners AG and Swiss Merchant Group AG

9 March 2022

### VERIFICATION PARAMETERS

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Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>• Green bonds</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>• ICMA Green Bond Principles, June 2021</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>• EUSOLAG Green Finance Framework (as of 01.03.2022)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>• Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>• As long as there is no material change to the Framework</li></ul>

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## Scope of work

EUSOLAG European Solar AG (“EUSOLAG” or “the Issuer”) commissioned ISS ESG to assist with its Green bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. Green bonds link to EUSOLAG’s sponsors’ sustainability strategy – drawing on EUSOLAG’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. EUSOLAG’s Green Finance Framework (01.03.2022 version) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles, June 2021 (GBPs).
3. The Selection criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

## ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>1</sup>
<b>Part 1:</b>  <b>Green bonds link to the sponsors’ sustainability strategy</b>	<p>The two sponsors show a rather poor sustainability performance. While Seedent Partners has taken initial steps to embed ESG considerations in its investment strategy, there is no indication that Swiss Merchant Group does the same.</p> <p>ISS ESG finds that the Use of Proceeds financed through this bond are relevant for the sponsors’ business model and consistent with material ESG topics for the sponsors’ industry. The rationale for issuing green bonds is not properly described by the issuer.</p>	<b>Consistent with issuer’s sustainability strategy</b>
<b>Part 2:</b>  <b>Alignment with GBPs</b>	<p>The issuer has defined a formal concept for its Green bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles.</p>	<b>Aligned</b>
<b>Part 3:</b>  <b>Sustainability quality of the Selection criteria</b>	<p>The overall sustainability quality of the Selection criteria in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The Green bonds will (re-)finance eligible asset categories which include: renewable energy, R&amp;D for renewable energy.</p> <p>Those use of proceeds categories have a significant contribution to SDGs 7 ‘Affordable and clean energy’ and 13 ‘Climate action’. The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<b>Positive</b>

<sup>1</sup> ISS ESG’s evaluation is based on the EUSOLAG’s Green Finance Framework (1 March 2022 version), and on the and on the ISS ESG Indicative Corporate Rating applicable at the SPO delivery date.

## ISS ESG SPO ASSESSMENT

### PART I: GREEN BONDS LINK TO THE SPONSORS' SUSTAINABILITY STRATEGY

#### A. ASSESSMENT OF THE SPONSORS' INDICATIVE SUSTAINABILITY PROFILE

**Methodological note:** Please note that Seedent Partners AG and Swiss Merchant Group are not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profiles are an assessment conducted by the analyst in charge of the Asset management & Brokerage sector based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

#### Sponsor 1: Seedent Partners AG

##### *Industry Classification*

Asset management & Brokerage

##### *Key Issues of the industry*

1. Sustainable investment criteria
2. Customer and product responsibility
3. Social and environmental impacts of products and services
4. Employee relations and work environment
5. Business ethics

##### *Indicative ESG risk and performance assessment*

Seedent Partners AG invests in service- and asset-backed businesses in Eastern Europe. The company is particularly focused on renewable energy generation via photovoltaic parks as its new investment area.

For companies like Seedent Partners AG, key sustainability challenges lie in the integration of ESG criteria into their investment management business as well as in the responsibility towards their clients and employees.

The company has adopted a set of criteria regarding its investment activities, which include a general focus on mitigating climate change and the provision of renewable energy sources. However, there is no evidence of more specific criteria covering aspects such as climate risk and impact assessments, and carbon emission reduction targets.

Seedent Partners AG excludes investing in companies that tolerate discrimination (on the grounds of ethnic origin, gender, sexuality, color, language, social origin, religion, and political affiliation) and that are involved in severe human rights violations. Controversial business areas such as thermal coal, tobacco, defense and armament, and adult entertainment are likewise excluded from its investment universe.

However, there is no evidence that the company complements this exclusionary approach with positive criteria, e.g., by requiring a relatively good performance with regard to topics like human rights and labor rights. It also remains unclear whether Seedent Partners AG monitors its portfolio companies' sustainability performance and engages with them on ESG aspects.

The company does not address staff-related topics such as health and safety, mental health management, work-life balance, and strategic training management. In terms of business ethics, only single relevant topics such as conflicts of interest and bribery are addressed in general terms. Other important issues, such as corruption, antitrust violations, insider dealings, and money laundering do not seem to be covered by a company policy. There is also no evidence of compliance procedures such as training, audits, anonymous reporting channels, whistleblower protection, and third-party anti-corruption due diligence.

### *Indicative product portfolio assessment*

#### **Social impact of the product portfolio**

The company's overall investment portfolio does not seem to have net positive or negative social impacts.

#### **Environmental impact of the product portfolio**

The company's overall investment portfolio does not seem to have net positive or negative environmental impacts.

### *Controversy Assessment*

The analyst in charge of producing this report conducted a high-level controversy assessment. There is no indication of Seedent Partners being involved in any of the below-mentioned controversies.

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Asset management & Brokerage sector are as follows: Failure to prevent deforestation / illegal logging, Failure to mitigate climate change impacts and Failure to conduct human rights due diligence. This is closely followed by Failure to pay fair share of taxes, Workplace discrimination on the grounds of gender and, Failure to prevent money laundering and anti-competitive behaviour.

## **Sponsor 2: Swiss Merchant Group AG**

### *Industry Classification*

Asset management & Brokerage

### *Key Issues of the industry*

1. Sustainable investment criteria
2. Customer and product responsibility
3. Social and environmental impacts of products and services
4. Employee relations and work environment
5. Business ethics

### *Indicative ESG risk and performance assessment*

Swiss Merchant Group AG operates as an investment firm with investment targets focused on asset-based companies, primarily real estate and industrial entities. The group invests in private and publicly traded companies.

For companies like Swiss Merchant Group AG, key sustainability challenges lie in the integration of ESG criteria into their investment management business as well as in the responsibility towards their clients and employees.

According to the company, its investment principles focus on flexibility, innovation, risk management, discipline, and transparency. However, there is no indication that its investment principles also address relevant ESG criteria such as environmental protection, climate change, labor rights, human rights, and business ethics as part of a structured and mandatory approach. Further, there is also no indication that Swiss Merchant Group AG monitors its portfolio companies' sustainability performance and engages with them on ESG aspects.

Regarding customer and product responsibility, Swiss Merchant Group AG's risk exposure is limited as its client base is mainly comprised of professional investors. The company is a member of a self-regulating organization under FINMA, the Swiss Financials Markets Regulator. There is no evidence whether the firm has taken steps to ensure client tax compliance and information security in outsourced data processing.

The company does not address staff-related topics such as health and safety, mental health management, work-life balance, and strategic training management. Regarding business ethics, there is no evidence that Swiss Merchant Group AG has implemented policies to mitigate risks related to corruption, insider dealings, money laundering or conflicts of interest. There is also no indication of related compliance procedures such as training, audits, anonymous reporting channels, whistleblower protection, and third-party anti-corruption due diligence.

#### *Indicative product portfolio assessment*

##### **Social impact of the product portfolio**

The company's overall investment portfolio does not seem to have net positive or negative social impacts.

##### **Environmental impact of the product portfolio**

The company's overall investment portfolio does not seem to have net positive or negative environmental impacts.

#### *Controversy Assessment*

The analyst in charge of producing this report conducted a high-level controversy assessment. There is no indication of Swiss Merchant Group being involved in any of the below-mentioned controversies.

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Asset management & Brokerage sector are as follows: Failure to prevent deforestation / illegal logging, Failure to mitigate climate change impacts and Failure to conduct human rights due diligence. This is closely followed by Failure to pay fair share of taxes, Workplace discrimination on the grounds of gender and, Failure to prevent money laundering and anti-competitive behaviour.

## B. CONSISTENCY OF GREEN BONDS WITH EUSOLAG'S SUSTAINABILITY STRATEGY

### *Key sustainability objectives and priorities defined by the issuer*

Seedent Partners and Swiss Merchant Group have created EUSOLAG to invest in the development and management of solar parks. The company will operate across the whole value chain of electricity generation: project development, sale of electricity, and asset management.

EUSOLAG has taken initial steps in addressing ESG topics. Due to the nature of its business, its assets can contribute to fighting climate change. The company has also committed to work on collecting Scope 1 and 2 emissions data. They also intend to promote dialogue with local communities where their projects are developed, and to ensure a safe work environment.

### *Rationale for issuance*

The issuer intends to start issuing green bonds to implement its strategy of development, acquisition, and operation of solar power projects.

### *Contribution of Use of Proceeds categories to sustainability objectives and priorities*

ISS ESG mapped the Use of Proceeds categories financed under this Green Finance Framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Asset management & Brokerage sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Renewable Energy	✓	✓	Contribution to a material objective
R&D for renewable energy	✓	✓	Contribution to a material objective

**Opinion:** ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer's sustainability strategy and material ESG topics for the sponsors' industry. The rationale for issuing green bonds is clearly described by the issuer.

## PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES

### 1. Use of Proceeds

#### FROM ISSUER'S FRAMEWORK

The net proceeds of the Green Bonds issued by EUSOLAG or its subsidiaries will be used to finance or re-finance Eligible Assets that have been evaluated and selected by EUSOLAG in accordance to this Green Finance Framework. To the extent feasible Eligible Assets will be allocated to new projects. In cases where proceeds are allocated to existing projects EUSOLAG will endeavour to target a look-back period of maximum 3 years. The Eligible Assets may be wholly- or partially owned by EUSOLAG and its subsidiaries but allocated proceeds will not exceed the total value of the share owned by EUSOLAG and its subsidiaries.

Eligible Assets are on a best effort basis aligned with the EU Taxonomy and contribute to the disclosed Climate Change Mitigation measures. Specifically, the economic activities targeted are focused on solar power generation.

#### Eligible Assets

Proceeds allocated to Eligible Assets target specific climate related objectives of reducing greenhouse gas emissions through the production of renewable energy. Such Eligible Assets may cover both capital expenditures and operational expenditures, such as through labour costs or spending on R&D. Proceeds will not be used to finance investments linked directly to fossil nor nuclear energy generation.

ICMA GBPCATEGORY	EU TAXONOMY	DESCRIPTION OF PROJECTS
<b>Renewable Energy</b>	<p>4.1. Electricity generation using solar photovoltaic technology</p> <p>9.1. Close to market research, development and innovation</p>	<ul style="list-style-type: none"> <li>• Development and construction of renewable energy projects such as solar power.</li> <li>• Research and Development projects related to solar power.</li> </ul>

**Opinion:** ISS ESG considers the Use of Proceeds description provided by EUSOLAG's Green Finance Framework as aligned with the Green Bond Principles. The identification of a look-back period is considered to be best market practice.

### 2. Process for Project Evaluation and Selection

#### FROM ISSUER'S FRAMEWORK

EUSOLAG's business model ensures a strong focus on fully commissioned project development with third party developers. As part of this business model the investment committee, composed of members from the management team, oversees all investment decisions. EUSOLAG's Investment



committee shall be constituted by the Chief Executive Officer (Geschäftsleiter) and one member of the Board of Directors (Aufsichtsrat) and it shall approve investment proposals submitted by the Chief Executive with unanimity. In extension of these decisions the committee is responsible for ensuring that only projects aligned with the criteria set out above, including the alignment with the EU Taxonomy, will be selected as Eligible Assets. In particular and among others, EUSOLAG shall require EPCs and their subcontractors to quote components and equipment with a minimum conversion efficiency of 15%, as well as the supply chain of said EPCs and subcontractors respect ILO Core conventions, have certified health & safety management system in place.

In relation to the EU Taxonomy, the investment committee will, on a best-efforts basis, specifically ensure alignment of each Eligible Assets with the EU Taxonomy in the following areas (1) substantial contribution to at least one of the six environmental objectives, (2) do-no significant harm (DNSH) to other environmental objectives, and (3) minimum safeguards.

**Opinion:** ISS ESG considers the Process for Project Evaluation and Selection description provided by EUSOLAG's Green Finance Framework as aligned with the Green Bond Principles. Transparency on the investment committee composition is in line with best market practices.

### 3. Management of Proceeds

#### FROM ISSUER'S FRAMEWORK

EUSOLAG has established a Green Finance Register in relation to Green Finance Instruments issued by EUSOLAG for the purpose of monitoring the Eligible Assets and the allocation of the net proceeds from Green Finance Instruments to Eligible Assets. Eligible assets are listed on the granularity level of SPVs, which typically comprises the entire installation at a single geographical location (SPV name equals closest local administrative unit name, i.e. city, village). The Register shall include on the level of SPV, described by country, locality, power capacity in MW, type of energy generation (Solar), total cost to acquire, broken down into source of capital by type: equity, quasi-equity, preferred equity, senior unsecured bonds, senior secured loans. The total bonds uses for the full list of the Green Finance Register SPVs shall equal the total raised funds via the instruments issued under the Framework.

A balance of Bond proceeds may be held in cash at bank accounts of Issuer or its subsidiaries shall there be a positive balance as a consequence of an asset-divestment or lead-time to cash deployment timetable on a project.

Given the inherent nature of EUSOLAG's business model, as described above, allocated Eligible Assets may be sold, refinanced, or otherwise deemed non-Eligible for proceeds. In such situations, they will be removed from the Green Finance Register.

EUSOLAG will over the duration of the outstanding Green Finance Instruments build up and maintain an aggregate amount of Assets in the Green Finance Register that is at least equal to the aggregate net proceeds of all outstanding EUSOLAG Green Finance Instruments.

There may be periods when the total outstanding net proceeds of Green Finance Instruments exceed the value of the Eligible Assets in the Green Finance Register. Any such portion will be held in accordance with EUSOLAG's normal liquidity management policy. For the avoidance of doubt, this excludes the investments into activities within fossil fuel, nuclear, weapons and defence.

The Green Finance Register will form the basis for the impact reporting.

**Opinion:** ISS ESG finds that Management of Proceeds proposed by EUSOLAG's Green Finance Framework is well aligned with the Green Bond Principles, the disclosure on the handling of temporarily unallocated proceeds is in line with best market practices.

#### 4. Reporting

##### FROM ISSUER'S FRAMEWORK

EUSOLAG, including where relevant, subsidiaries, will annually publish a report on the allocation and impact of Green Finance Instruments issued under this framework. Said report shall be published at maturity of instruments issued under the Green Bond Framework as part of the annual activity report of the Issuer for the year of maturity. The annual activity report is approved by the Board of Directors of EUSOLAG European Solar AG, which is subject to the annual financials before an ordinary General Assembly of Shareholders. Where relevant EUSOLAG will seek to align the reporting with the latest standards and practices as identified by ICMA. The impact report will, to the extent feasible, also include a section methodology, baselines and assumptions used in impact calculations. Further, EUSOLAG expects to align with ongoing market developments around reporting allocation and impact via an online database.

##### Allocation Reporting

The allocation report will, to the extent feasible, include the following components:

- A list of all Eligible Assets funded including amounts allocated
- Detailed descriptions and case studies of selected Eligible Assets financed
- Amounts invested in each sub-category as defined in the Use of Proceeds section and the relative share of new financing versus refinancing

##### Impact Reporting

EUSOLAG will strive to report on the actual environmental impact of the investments financed by their Green Finance Instruments. If/when actual impact for some reason is not observable, or unreasonably difficult to source, estimated impact will be reported.

The impact indicators may vary with investment category, as defined in this Green Finance Framework. The impact metrics selected may include the following:

- Renewable Energy
  - Total capacity of renewable energy installed (MW or GW)

- Annual renewable energy generation (MWh or GWh)
- Annual GHG emissions reduced and/or avoided (tonnes CO2-equivalent)

**Opinion:** ISS ESG finds that the reporting proposed by EUSOLAG's Green Finance Framework is aligned with the Green Bond Principles as the issuer will annually report on proceeds until the maturity of the bonds. In addition, an impact report will be published too, relevant indicators have been selected and disclosed.

### External review

#### FROM ISSUER'S FRAMEWORK

EUSOLAG has engaged a provider to act as an external verifier of this Green Finance Framework and the Eligible Assets by way of a Second Party Opinion. This review includes an assessment on the alignment of Eligible Assets with the EU Taxonomy. The Second Party Opinion is publicly available on EUSOLAG website.

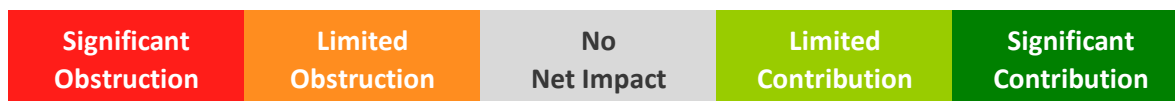
Further, EUSOLAG will endeavour to engage an external party to conduct a Third-Party Audit of the allocated proceeds

## PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE





### A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green bonds Selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of the EUSOLAG’s Green bonds to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):



Each of the green bonds’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Renewable energy</b> Electricity generation using solar photovoltaic technology	<b>Significant contribution</b>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: #ffcc00; padding: 5px; text-align: center;"> <b>7</b> AFFORDABLE AND CLEAN ENERGY </div> <div style="background-color: #009900; padding: 5px; text-align: center;"> <b>13</b> CLIMATE ACTION </div> </div>
<b>R&amp;D related to solar projects</b>	<b>Significant contribution</b>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: #ffcc00; padding: 5px; text-align: center;"> <b>7</b> AFFORDABLE AND CLEAN ENERGY </div> <div style="background-color: #009900; padding: 5px; text-align: center;"> <b>13</b> CLIMATE ACTION </div> </div>

## B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

### KPIs covering Renewable energy - Photovoltaic

#### ASSESSMENT AGAINST ISS ESG KPI

##### Site selection

- ✓ According to the issuer statement, the two sponsors are committed to consider biodiversity in investment decisions, through due diligence, making sure that assets are not located in key biodiversity area. In addition, EUSOLAG will work with local banks in Romania and Bulgaria that, to award senior loans, require the projects to be carried out outside Natura 2000 areas. For projects within the European Union, it is compulsory to carry out an Environmental Impact Assessment (EIA) which also takes biodiversity into account.

##### Labor, Health & Safety

- ✓ EUSOLAG will carry out its activities in Romania and Bulgaria where no major controversies with regard to labor rights have been identified. In addition, according to the issuer statement, the two sponsors are committed to ensure that construction work contractors respect ILO core conventions. Yet, no evidence is available on the future implementation of such commitments.
- ✓ As per the eligibility criteria set by in the Green Finance Framework, the issuer will require its contractors (Engineering, Production and Construction companies – EPCs) and their subcontractors to have a certified health & safety management system in place. However, no information are available on the future implementation of this commitment.

##### Supply chain standards

- ✓ As per the eligibility criteria set by in the Green Finance Framework, the issuer will require its contractors (Engineering, Production and Construction companies – EPCs) and their subcontractors to respect ILO core conventions. The two sponsors are also committed to ensure that the solar modules supply chain respects the ILO core conventions. However, no evidence is available on the future implementation of such commitments.
- ✓ As per the eligibility criteria set by in the Green Finance Framework, the issuer will require its contractors (Engineering, Production and Construction companies – EPCs) and their subcontractors to have a certified health & safety management system in place. However, no information are available on the future implementation of this commitment.

##### Environmental aspects of solar panel

- ✓ As per the eligibility criteria set by in the Green Finance Framework, the issuer will require its contractors (Engineering, Production and Construction companies – EPCs) and their subcontractors to only quote components and equipment with a minimum conversion efficiency of 15%. In addition, the two sponsors are committed to invest only in solar panels with a conversion efficiency of at least 15%. However, no information are available on the future implementation of this commitment.

- ✓ EUSOLAG will carry out its activities in Romania and Bulgaria. According to the issuer statement, the two sponsors are committed to ensure that solar modules are certified and compliant to the WEEE EU Directive (2012). Yet, details are not available on implementation measures.
  
- ✓ EUSOLAG will carry out its activities in Romania and Bulgaria. According to the issuer statement, the two sponsors are committed to ensure that solar modules and other equipment are certified and compliant to RoHS EU directive (2011). Yet, details are not available on implementation measures.

## DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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## ANNEX 1: Methodology

### ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of EUSOLAG’s Green Bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

### Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by EUSOLAG (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

### Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which EUSOLAG’s Green Bonds contributes to related SDGs.



## ANNEX 2: Quality management processes

### SCOPE

EUSOLAG commissioned ISS ESG to compile a Green Bonds SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the ICMA Green Bond Principles, June 2021 and to assess the sustainability credentials of its Green Bonds, as well as the sponsors' sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles, June 2021
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

### ISSUER'S RESPONSIBILITY

EUSOLAG's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the project level

### ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bonds to be issued by EUSOLAG based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with EUSOLAG took place in November, December 2021, and January, February, March 2022.

### ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For Information about SPO services, contact:

**Federico Pezzolato**

SPO Business Manager EMEA/APAC

[Federico.Pezzolato@isscorporatesolutions.com](mailto:Federico.Pezzolato@isscorporatesolutions.com)

+44.20.3192.5760

For Information about this Green Bond SPO, contact: [SPOOperations@iss-esg.com](mailto:SPOOperations@iss-esg.com)

### Project team

**Project lead**

Marta Farina  
Associate  
ESG Consultant

**Project support**

João Ferreira  
Associate  
ESG Analyst

**Project supervision**

Viola Lutz  
Executive Director  
Head of ISS ESG Climate Services