

Second-Party Opinion

Water Wheel Green Securities Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Water Wheel Green Securities Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Renewable Energy – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that financing of rooftop solar energy systems will facilitate utilising the full potential of solar energy in the Netherlands, and thus increase access to affordable and clean energy. Financing will also advance UN Sustainable Development Goal 7.



PROJECT EVALUATION / SELECTION Green Securities Advisory, the financial advisory company within Water Wheel Green Securities, will be responsible for the project evaluation and selection. Selected projects will be developed by the Solar Development Corporation, the project execution entity of Water Wheel Green Securities. On at least a quarterly basis, the Management Team of Water Wheel Green Securities will review and approve allocation of bond proceeds based on eligibility criteria. The process for evaluation and selection is aligned with market practice.



MANAGEMENT OF PROCEEDS Solar Development Corporation will establish separate entities, a *Special Purpose Vehicle (SPV)*, for each roof where the project will be located. Solar Power Corporation, the mother company of the listed SPVs, will be responsible for the green bond issuance. The net proceeds of the green bonds will be deposited into an individual account. Pending full allocation, the unallocated proceeds will be invested in cash, cash equivalents and/or other liquid marketable instruments by Green Securities Advisory. At least quarterly, selected eligible assets will be reviewed by the Management Team of Water Wheel Green Securities. In case of any material change based on the eligibility criteria, Green Securities Advisory, where feasible, will replace the assets with eligible projects as soon as new rooftop solar options have been identified. This process is in line with market practices.



REPORTING Until full allocation, Green Securities Advisory intends to publish an annual allocation and impact report on the Water Wheel Green Securities' website. Allocation reporting will include the amount of allocated proceeds, remaining balance of unallocated proceeds and where feasible, material changes and/or substitution of eligible projects. Impact reporting will include the impact indicators associated with the projects. Green Security Advisory intends to appoint an external auditor to request an annual limited assurance report of the allocation of the bond proceeds. Sustainalytics views this process as in line with best market practice.

Evaluation date	January, 2020
Issuer Location	Amsterdam, Netherlands

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Introduction

Water Wheel Green Securities Corporation B.V. (the “Company”) is a pure play solar energy startup company, which intends to offer a platform for efficient and scalable investments in solar photovoltaic systems on large commercial roofs. WWGS is the sole shareholder of Water Wheel Solar Development Corporation B.V. (“SDC”), Green Securities Advisory B.V. (“GSA”) and Solar Power Corporation (“SPC” or the “Issuer”). Based on the Water Wheel Green Securities’ business model, SDC establishes a new energy company, *Special Purpose Vehicle (SPV)*, for each roof and executes the rooftop solar photovoltaic (PV) projects. Following the establishment, SPC issues depository receipts for SPVs and lists the securities on Nxchange, a regulated stock exchange platform, in collaboration with Green Securities Advisory. SPC manages the umbrella contracts with external parties and performs as the mother company of the listed SPVs. (Please see Appendix 1: Overview of Corporate Structure – Water Wheel Corporation)

Water Wheels Green Securities has developed the Water Wheel Green Securities Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and refinance, in whole or in part, existing and future renewable energy projects that help reduce total greenhouse gas (GHG) emissions by increasing renewable energy production through the rooftop solar installations and thus increasing accessibility to affordable and clean energy. The Framework defines eligibility criteria in the following area:

1. Renewable Energy

Water Wheels Green Securities engaged Sustainalytics to review the Water Wheel Green Securities Green Bond Framework, dated January 2020 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework will be published in a separate document.²

As part of this engagement, Sustainalytics held conversations with various members of Water Wheel Green Securities’ management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of SPC’s Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Water Wheel Green Securities Green Bond Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Water Wheel Green Securities Green Bond Framework is available on Water Wheel Green Securities Corporation’s website at: <https://waterwheelgreensecurities.com/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Water Wheel Green Securities Green Bond Framework

Summary

Sustainalytics is of the opinion that the Water Wheel Green Securities Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of Water Wheel Green Securities' Green Bond Framework:

- Use of Proceeds:
 - The use of proceeds category of the Water Wheel Green Securities Green Bond Framework, i.e. Renewable Energy, is recognized by the Green Bond Principles 2018 as project category having positive environmental benefits. Water Wheel Green Securities' investments in solar energy projects will contribute to renewable energy development through facilitating rooftop solar PV investments and thus to decarbonizing the energy sector.
 - Water Wheel Green Securities intends to allocate the proceeds to expenditures related to the development, construction, installation and maintenance of rooftop solar PV systems. Sustainalytics recognizes that CAPEX such as development, construction and installation is generally preferred by investors for funding the projects, however, it also believes that, given the nature to the eligible projects, OPEX will be important to maintain solar energy systems and to sustain positive environmental impacts.
 - Water Wheel Green Securities' look-back period for refinancing previous investments is 3 years prior to the issuance date of the bonds. Sustainalytics views this practice as aligned with current market expectations.
 - Water Wheel Green Securities clarified that all investments will be exclusively for solar energy in 2020. In the case of any material change, Sustainalytics encourages Water Wheels to provide disclosure and report on the intended renewable energy investments for future projects.
- Project Evaluation and Selection:
 - As the financial advisory company within Water Wheel Green Securities, Green Securities Advisory will oversee the project evaluation and selection. Solar Development Corporation will develop the selected projects as the project execution entity of Water Wheel Green Securities. On at least a quarterly basis, the Management Team of Water Wheel Green Securities will review and approve the allocation of green bond proceeds in conformity with the eligibility criteria.
 - This project evaluation and selection process is in line with market practice.
- Management of Proceeds:
 - A Special Purpose Vehicle (SPV), a separate entity, will be established by Solar Development Corporation for each roof where the project will be located. As the mother company of the listed SPVs, Solar Power Corporation will be responsible for the green bond issuance. The net proceeds of green bonds will be deposited into an individual account.
 - Pending full allocation, Green Securities Advisory will hold and/or invest within a separate account in cash, cash equivalents and/or other liquid marketable instruments to eligible renewable energy.
 - At least once a quarter, selected eligible assets will be reviewed by the Management Team of Water Wheel Green Securities. If any material change is made based on eligibility criteria, Green Securities Advisory will replace the assets with other rooftop solar options as soon as it is feasible.
 - Sustainalytics views this process as aligned with market practice.
- Reporting:
 - Until full allocation, Green Securities Advisory intends to publish an annual allocation and impact report on the Company's website. In the allocation report, Green Securities Advisory will disclose information including the amount of allocated proceeds, remaining balance of unallocated proceeds, and where feasible, material changes and/or substitution of eligible projects. Impact reporting will include the amount of generated renewable energy and the indicative volume of carbon emissions avoided associated with the projects.

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- Sustainalytics notes that Green Security Advisory intends to appoint an external auditor for an annual limited assurance report of the allocation of the bond proceeds. This report will be available within 120 days after annual reporting on the Company's website.
- Sustainalytics views this process as in line with best market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Water Wheel Green Securities Green Bond Framework aligns to the four core components of the GBP 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Contribution of framework to issuer's sustainability targets

Being a pure play renewable energy startup, Water Wheel Green Securities, ("WWGS"), is committed to mitigate climate change by accelerating the development of solar energy on large commercial roofs. The Company's core business model aims to increase access to renewable energy services by bridging the gap between green energy and the capital market. WWGS integrated the Sustainable Development Goals (SDGs) to the company's corporate strategy, especially SDG 7, 9 and 13. Although WWGS, as a startup company, has not identified dedicated sustainability targets for 2020, the Company confirmed to Sustainalytics that companywide sustainability targets for 2021 will be identified according to the company's new strategy plan.

Based on the nature of the company and its sustainability driven business model, Sustainalytics considers WWGS to be well positioned to issue green bonds and that it will facilitate the advancement of the company's sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes the positive impact of the use of proceeds, it acknowledges that rooftop solar PV projects have potential environmental and social risks mainly related to occupational health and safety, resulting from exposure to hazardous chemicals, improper management of electrical safety and working at height.

WWGS executes its rooftop solar PV projects through the umbrella agreements with companies providing Engineering, Procurement, Construction (EPC) and Operations, Maintenance (O&M) services, which are certified to the ISO 9001³ and 45001⁴ standards. Following the design of rooftop solar panels conducted by EPC companies, technical audits are performed by independent technical advisors, aiming to make sure that the design of rooftop solar PV projects are executed within the bounds of environmental and social standards. After the assignment of projects to O&M companies, a technical advisor performs an additional audit to the installation and provides a Final Acceptance Certificate. WWGS confirmed to Sustainalytics that the potential risks are analyzed and mitigated during the design, construction, and pre-production stage by respective audits.

Given WWGS's collaboration with external parties for environmental and social risk identification, and technical audits being implemented in the project life cycle, Sustainalytics is of the opinion that WWGS is well positioned to mitigate environmental and social risks related to the eligible projects.

Section 3: Impact of Use of Proceeds

The use of proceeds category is recognized as impactful by GBP. Sustainalytics has focused on the below where the impact is specifically relevant in the local context.

³ ISO 9001 is defined as the international standard that specifies requirements for a Quality Management System.

⁴ ISO 45001 is defined as the international standard that specifies requirements for Occupational Health and Safety, focusing on the reduction of occupational injuries and diseases

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Importance of facilitating investments for rooftop solar PV in the European Union/Netherlands

As part of the 2030 Climate & Energy Framework, the European Union (EU) has adopted a EU-wide target to reach a 32% share of energy from renewable sources by 2030.⁵ In 2017, the Netherlands obtained the second-lowest share (6.6 %) of renewable energy among the Member States,⁶ while fossil fuels made up around 92% of the country's total energy consumption.⁷ While the share of renewable energy increased to 7.4% in 2018,⁸ facilitating investments in the area is crucial to meet the country's climate objectives which include achieving 14% sustainable energy by 2020, 16% by 2023 and almost 100% by 2050.⁹ Given this context, rooftop solar PV systems play an important role in the Netherlands' energy transition. Based on the data in 2018, it is expected that rooftop solar panels can meet half of the Dutch electricity demand, assuming that they are installed on every suitable roof in the Netherlands.¹⁰ Moreover, rooftop solar PV systems can reduce electricity production-related CO₂ emissions by 63% and increase the share of renewable sources to 16%. Given that many square meters of roof spaces offer an opportunity for the installation of solar panels,¹¹ the Government offers initiatives such as tax rebate, grant schemes, crediting electricity supplied to the grid.¹²

Considering the above, Sustainalytics believes that fostering renewable energy projects, especially rooftop solar PV, will increase the share of renewable energy in the country's total electricity consumption and harvest the full potential of solar energy in the Netherlands.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goal and target:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Water Wheel Green Securities has developed its Green Bond Framework to finance existing and future rooftop solar PV system projects. The eligible category – Renewable Energy – is recognized as impactful by the Green Bond Principles 2018 and Sustainalytics is of the opinion that the financed projects will contribute to utilising the full potential of solar energy in the Netherlands, and thus increase access to affordable and clean energy. Sustainalytics considers Water Wheel Green Securities' project evaluation and selection process, management of proceeds and reporting to be aligned with market practice. Based on the above considerations, Sustainalytics is of the opinion that Water Wheel Green Securities is well positioned to issue green bonds and that the Water Wheel Green Securities Green Bond Framework is robust, credible, transparent and in alignment with the Green Bond Principles 2018.

⁵ European Union, 2030 climate & energy framework, at: https://ec.europa.eu/clima/policies/strategies/2030_en

⁶ The share of renewable energy in the Member States was highest in Sweden (54.5 % of energy consumption) followed by Finland (41.0 %) and Latvia (39.0 %). This share was lowest in Luxembourg (6.4 %), the Netherlands (6.6 %) and Malta (7.2 %). Further detail at: <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-4c.html>

⁷ Energy consumption hardly changed in 2017; published April 2018; <https://www.cbs.nl/en-gb/news/2018/16/energy-consumption-hardly-changed-in-2017>

⁸ CBS, Share of renewable energy up to 7.4 percent, (2019), at: <https://www.cbs.nl/en-gb/news/2019/22/share-of-renewable-energy-up-to-7-4-percent>

⁹ Central government encourages sustainable energy; Government of the Netherlands; accessed February 2019;

<https://www.government.nl/topics/renewable-energy/central-government-encourages-sustainable-energy>

¹⁰ Deloitte, Solar panels could provide half of Dutch electricity demand, at: <https://www2.deloitte.com/nl/nl/pages/data-analytics/articles/solar-panels.html>

¹¹ Ministry of Economic Affairs of the Netherlands, Energy Report: Transition to sustainable energy, (2016), at:

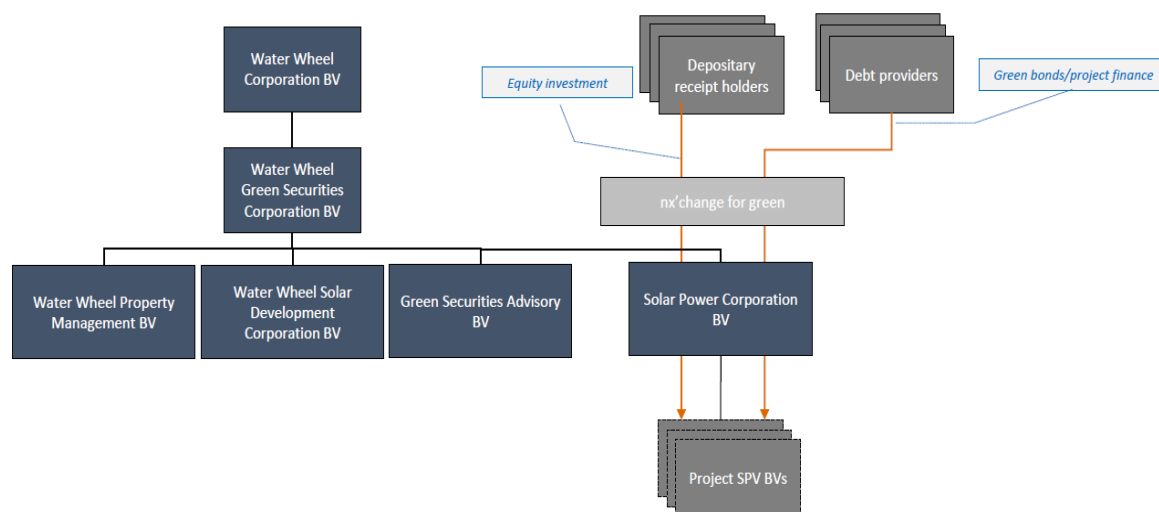
<https://www.government.nl/documents/reports/2016/04/28/energy-report-transition-to-sustainable-energy>

¹² Government of the Netherlands, Stimulating the growth of solar energy, at: <https://www.government.nl/topics/renewable-energy/stimulating-the-growth-of-solar-energy>

Appendices

Appendix 1: Overview of Corporate Structure – Water Wheel Corporation

Below the corporate and contract structure is outlined through which Water Wheel Corporation intends to offer a platform for its rooftop solar PV projects.



Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Water Wheel Green Securities
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Water Wheel Green Securities Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 17, 2020
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The use of proceeds category of the Water Wheel Green Securities Green Bond Framework, i.e. Renewable Energy, is recognized by the Green Bond Principles 2018 as project category having positive environmental benefits. Water Wheel Green Securities' investments in solar energy projects will contribute to renewable energy development through facilitating rooftop solar PV investments and thus to decarbonizing the energy sector.

Water Wheel Green Securities intends to allocate the proceeds to expenditures related to the development, construction, installation and maintenance of rooftop solar PV systems. Sustainalytics recognizes that CAPEX such as development, construction and installation is generally preferred by investors for funding the projects, however, it also believes that, given the nature to the eligible projects, OPEX will be important to maintain solar energy systems and to sustain positive environmental impacts.

Water Wheel Green Securities' look-back period for refinancing previous investments is 3 years prior to the issuance date of the bonds.

Water Wheel Green Securities clarified that all investments will be exclusively for solar energy in 2020.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

As the financial advisory company within Water Wheel Green Securities, Green Securities Advisory will oversee the project evaluation and selection. Solar Development Corporation will develop the selected projects as the project execution entity of Water Wheel Green Securities. On at least a quarterly basis, the Management Team of Water Wheel Green Securities will review and approve the allocation of green bond proceeds in conformity with the eligibility criteria.

This project evaluation and selection process is in line with market practice.

Water Wheel Green Securities Green Bond Framework

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Special Purpose Vehicle (SPV), a separate entity, will be established by Solar Development Corporation for each roof where the project will be located. As the mother company of the listed SPVs, Solar Power Corporation will be responsible for the green bond issuance. The net proceeds of green bonds will be deposited into an individual account.

Pending full allocation, Green Securities Advisory will hold and/or invest within a separate account in cash, cash equivalents and/or other liquid marketable instruments to eligible renewable energy.

At least once a quarter, selected eligible assets will be reviewed by the Management Team of Water Wheel Green Securities. When any material change made based on eligibility criteria, Green Securities Advisory will replace the assets with other roof solar options as soon as it is feasible.

Sustainalytics views this process as aligned with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

Water Wheel Green Securities Green Bond Framework

4. REPORTING

Overall comment on section (if applicable):

Until full allocation, Green Securities Advisory intends to publish an annual allocation and impact report on the Company's website. In the allocation report, Green Securities Advisory will disclose information including the amount of allocated proceeds, remaining balance of unallocated proceeds, and where feasible, material changes and/or substitution of eligible projects. Impact reporting will include the amount of generated renewable energy and the indicative volume of carbon emissions avoided associated with the projects. Sustainalytics notes that Green Security Advisory intends to appoint an external auditor for an annual limited assurance report of the allocation of the bond proceeds. This report will be available within 120 days after annual reporting on the Company's website.

Use of proceeds reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>):
Remaining balance of unallocated amounts | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): renewable energy generated |

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Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): corporate website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Water Wheel Green Securities' corporate website: <https://waterwheelgreensecurities.com/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

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- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

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