

## Second-Party Opinion

# Synthesis Analytics Green Bond Framework



## Evaluation Summary

Sustainalytics is of the opinion that the Synthesis Analytics Green Bond Framework aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds Renewable Energy, Green Digital Solutions, Energy Efficiency, Green Buildings are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 & 11.



**PROJECT EVALUATION / SELECTION** Synthesis Analytics' internal process for evaluating and selecting projects is overseen by the Board of Directors. Projects are evaluated and selected in accordance with the Framework's eligibility criteria. Synthesis' Board ensures the ongoing eligibility of projects. This process takes place at least on an annual basis. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Synthesis Analytics' processes for management of proceeds is handled by the Financial Management Team. Funds will be tracked and monitored via an internal accounting system. The Team will strive to ensure that the amount of eligible green projects exceeds to total value of proceeds. Unallocated proceeds, if any, will be temporarily held in cash, cash equivalents or short-term liquid instruments. This is in line with market practice.



**REPORTING** Synthesis Analytics intends to report allocation proceeds on its website, on an annual basis, until full allocation. Synthesis will report on the total allocation of proceeds and a list/description of corresponding projects financed, and the balance of unallocated proceeds. In addition, Synthesis Analytics is committed to reporting on relevant impact metrics. Sustainalytics views Synthesis Analytics' allocation and impact reporting as aligned with market practice.

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**Evaluation date** May 12, 2020

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**Issuer Location** London, United Kingdom

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## Introduction

Synthesis Analytics (the “Company”) is a technology company based in Sweden offering High Performance Computing (HPC) products and services to companies with a focus on minimizing resource use, maximizing energy efficiency and capturing/reusing waste-heat energy.

Synthesis Analytics has developed the Synthesis Analytics Green Bond Framework (the “Framework”) under which it intends to issue multiple green bonds through the special-purpose vehicle, Sustainable Capital Plc, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that aim to improve the efficiency of HPC centres. The Framework defines eligibility criteria in the following areas:

1. Renewable Energy
2. Green Digital Solutions
3. Energy Efficiency
4. Green Buildings

Synthesis Analytics engaged Sustainalytics to review the Synthesis Analytics Green Bond Framework, dated May 2020, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the ICMA Green Bond Principles 2018
- The credibility and anticipated positive impacts of the use of proceeds
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.3.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Synthesis’ 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 the Framework. Synthesis representatives have confirmed (1) they understand it is the sole responsibility of Synthesis to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Synthesis Analytics.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

<sup>1</sup> 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/>.

<sup>2</sup> The Synthesis Analytics Green Bond Framework is available on Synthesis Analytics’ website at: [www.synthesis.se/greenbondframework](http://www.synthesis.se/greenbondframework)

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Synthesis has made available to Sustainalytics for the purpose of this SPO.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Synthesis Analytics Green Bond Framework

Sustainalytics is of the opinion that the Synthesis Analytics Green Bond Framework aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of Synthesis' Green Bond Framework:

- Use of Proceeds:
  - The eligible categories Renewable Energy, Green Digital Solutions, Energy Efficiency and Green Buildings are aligned with those recognized by the GBP. Projects financed will aim to provide energy efficient HPC centre solutions, with a focus on the Swedish market. Sustainalytics is of the opinion that energy efficient HPC centers can reduce overall energy consumption and provide opportunities for capturing waste heat.
  - Renewable Energy financing may include the development, construction, maintenance and operation of wind or solar energy as well as the procurement of renewable energy through long-term Power Purchase Agreements ("PPAs"). Sustainalytics positively views these expenditures and notes that, for the first issuance, this category makes up the bulk of expenditures.
  - Green Digital Solutions may include research and development ("R&D") expenditures for the deployment of systems, products and technology that increase energy efficiency including development of energy efficient micro-architecture components, optimized algorithms and hardware, data analytics and cloud products and solutions. Sustainalytics recognizes that R&D activities have the potential to result in positive environmental outcomes, while also noting that it is very difficult to quantify the impacts of R&D related activities until commercialization. Sustainalytics encourages Synthesis to report on estimated or achieved energy efficiency savings, on a portfolio basis, where feasible.
  - Energy Efficiency expenditures may include the development of energy efficient electronic equipment, improved cooling solutions, energy capture<sup>4</sup> and reuse, energy storage systems and the consolidation/optimization of HPC centers for the purpose of increasing energy efficiency. For example, this includes the production and deployment of energy efficient Integrated Computing Units (ICUs) which can reduce the energy used for each unit of work by 20-30% compared to a traditional data center. Additionally, expenditures may be allocated to the installation of immersion cooling systems that serve to both improve cooling and capture waste-heat. Similarly, the deployment of systems to capture waste-heat from HPCs for use in district heating ("DH") may be financed. Sustainalytics positively views reuse of waste-heat and improvements in energy efficiency and encourages the Issuer to report on estimated or achieved energy efficiency savings/total amount of waste-heat generated, on a portfolio basis, where feasible.
  - Green Building expenditures may include the development, acquisition, leasing or renovation of commercial buildings that have obtained one of the following certifications: BREEAM "Excellent" or above; LEED "Gold" or above; BCA Green mark "Gold" or above; CEEDA "Gold" or above or other equivalent standards. Sustainalytics positively views the establishment of minimum certification levels and recognizes these levels as commensurate with best practice. For Sustainalytics assessment of these schemes, please refer to Appendix 1.
  - Sustainalytics notes that the Issuer has set a 24-month lookback period.

<sup>4</sup> Capturing the energy of waste-heat.

- **Project Evaluation and Selection:**
  - Synthesis Analytics' Board of Directors are responsible for ensuring that potentially eligible projects are screened against the Framework's eligibility criteria before being selected for allocation. Synthesis' Board is also responsible for ensuring the ongoing eligibility of selected projects over the duration of the bond. The Board meets annually to determine continued eligibility and/or select new projects as needed.
  - Sustainalytics considers this process to be in line with market practice.
- **Management of Proceeds:**
  - The management of proceeds are handled by the financial management team from the financial department. Proceeds are monitored and tracked via an internal accounting system and are allocated to eligible projects on a portfolio basis. Pending full allocation, unallocated proceeds may be held in cash, cash equivalents or other short-term liquid instruments.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
  - Synthesis Analytics will provide allocation reporting annually, on its website, until full allocation of the bond. The allocation report will include the total amount of allocation and a corresponding list/description of the eligible projects as well as the balance of unallocated proceeds, if any. Regarding impact reporting, Synthesis Analytics is committed to reporting on relevant impact metrics, for a complete list of potential indicators please see Appendix 2. Sustainalytics positively notes that Synthesis Analytics intends to seek third-party auditing for its allocation reporting.
  - Based on these elements, Sustainalytics views this process as aligned with market practice.

### **Alignment with Green Bond Principles 2018**

Sustainalytics has determined that the Synthesis Analytics 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 Strategy of Synthesis**

### **Contribution of framework to Synthesis Analytics' sustainability mission**

Synthesis Analytics' Framework is aligned with its mission to contribute to sustainable computing through the application of green and circular systems.<sup>5</sup> The Company has set a target to produce 2 - 2.5 GW of waste-heat to district heating networks in Sweden by 2030.

Sustainalytics notes that Synthesis Analytics is still at the initial launch of its business and has not yet released a sustainability strategy. Nonetheless, Sustainalytics encourages Synthesis Analytics to develop a sustainability strategy with additional quantitative, time-bound targets.

Sustainalytics is of the opinion that the Synthesis Analytics Green Bond Framework will contribute towards the Company's overall mission of contributing to sustainable computing, while noting that a lack of a sustainability strategy is perceived as a weakness.

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

Sustainalytics acknowledges that the Framework will be directed towards eligible projects that have positive environmental impact. However, Sustainalytics is aware that such eligible projects could lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety and land use change.

Sustainalytics is of the opinion that these risks will be mitigated through the following regulations:

- Sweden's Environmental Code requires an Environmental Impact Assessment (EIA) for activities that are likely to have a significant environmental impact. As part of the EIA, the pursuant shall hold consultations with government agencies, municipalities, citizens and organizations that are likely to be affected.<sup>6</sup>

<sup>5</sup> Synthesis Analytics, "Synthesis Analytics - High Performance Green Computing for the Future", at: <https://www.synthesis.se/>

<sup>6</sup> Kingdom of Sweden, "Environmental Code", (1998), at: <https://www.government.se/contentassets/be5e4d4ebdb4499f8d6365720ae68724/the-swedish-environmental-code-ds-200061>

- The Swedish Work Environment Authority (SWEA) issues provisions designating employer responsibility to prevent ill health and accidents, and to create a good working environment.<sup>7</sup> The SWEA's Statute Book details regulations about, inter alia, the transport of material at construction sites, roof work, and safety nets, first aid and crisis support, ergonomics for the prevention of musculoskeletal disorders, that aim to reduce the occupational hazard.<sup>8</sup>
- Sweden is classified as a "Designated Country" under the Equator Principles, indicating the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities.<sup>9</sup>

Based on the above, Sustainalytics is of the opinion that the potential risks associated with Synthesis Analytics' activities in Sweden can be mitigated. However, Sustainalytics notes that Synthesis Analytics does not have any publicly available risk management policies, which is viewed as a shortcoming.

### Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics discusses below where the impact is specifically relevant in the local context

#### Increasing energy efficiency through HPC centres

From 2015 to 2020, the IT sector's energy consumption increased by approximately 9% per year, while GHG emissions increased by approximately 8% per year.<sup>10</sup> In 2020, the IT sector is expected to be responsible for about 4% of global GHG emissions and for approximately 3.3% of the world's energy consumption.<sup>10</sup> Data centers alone are estimated to be responsible for 19% of the sector's energy consumption, highlighting their contribution to the sector's environmental footprint.<sup>10</sup> Moreover, the total energy consumption of data centers doubles every four years, which means that their carbon footprint is the fastest growing in the IT sector.<sup>11</sup> This is primarily due to (i) the growth in data traffic, (ii) the growth in volume of data to be stored and (iii) the growth in the volume of operations.<sup>10</sup> In Sweden, the government has established a long term goal of net-zero GHG by 2045, and HPC centers offer an opportunity for increasing energy efficiency and reducing overall GHG emissions.

HPC centers, which are more energy efficient than traditional data centers, can help to offset the energy consumption and enable energy savings. Data centers use 40-60% additional energy above the energy expended to run the equipment doing the actual useful work, while HPC centers use less than 2% additional energy for cooling and operations.<sup>12</sup> Thus, the PUE of centers is estimated at 1.02, which is considered "very efficient."<sup>13</sup> Energy efficiency in HPC is influenced by four main elements, (i) building infrastructure, (ii) system hardware, (iii) system software and (iv) applications.<sup>14</sup> The HPC activities financed from this Framework categories could help the Synthesis Analytics improve energy efficiency in the four main elements. For instance, optimized algorithms, data analytics and cloud products and solutions could improve the efficiency of system software.

Sustainalytics is of the opinion that financed projects can contribute to reducing the environmental impacts of HPC systems by improving their energy efficiency and help Sweden meet its 2045 net-zero GHG target.

#### 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 goals and targets:

Use of Proceeds Category	SDG	SDG target
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<sup>7</sup> SWEA, "Acts and regulations about work environment", at: <https://www.av.se/en/work-environment-work-and-inspections/acts-and-regulations-about-work-environment/>

<sup>8</sup> SWEA, "The Swedish Work Environment Authority's Statute Book", at: <https://www.av.se/en/work-environment-work-and-inspections/publications/foreskrifter/>

<sup>9</sup> The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

<sup>10</sup> The Shift Project, "Lean ICT: Towards Digital Sobriety", (2019), at: <https://theshiftproject.org/en/article/lean-ict-our-new-report/>

<sup>11</sup> Computer World, "Why data centres are the new frontier in the fight against climate change", (2018), at: <https://www.computerworld.com/article/3431148/why-data-centres-are-the-new-frontier-in-the-fight-against-climate-change.html>

<sup>12</sup> Dayarathna, E. et al. (2016), "Data Center Energy Consumption Modeling: A Survey", at: <https://ieeexplore.ieee.org/stamp/stamp.jsp?tp=&arnumber=7279063>

<sup>13</sup> 42U, "What is PCUE / DCIE? How to Calculate, What to Measure", at: <https://www.42u.com/measurement/pue-dcie.htm>

<sup>14</sup> Wilde, T., et al., (2013), "The 4 Pillar Framework for energy efficient HPC data centers", Computer Science – Research and Development, at: [https://www.researchgate.net/publication/257428716\\_The\\_4\\_Pillar\\_Framework\\_for\\_energy\\_efficient\\_HPC\\_data\\_centers](https://www.researchgate.net/publication/257428716_The_4_Pillar_Framework_for_energy_efficient_HPC_data_centers)

Renewable Energy	7. Affordable & Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Digital Solutions	7. Affordable & Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Energy Efficiency	7. Affordable & Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	11. Sustainable Cities & Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

## Conclusion

Synthesis Analytics has developed the Synthesis Analytics Green Bond Framework under which it will issue green bonds and the use of proceeds to finance HPC centres and provide green computing products and solutions that improve energy efficiency, reduce waste and capture waste-heat. Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impact.

The Synthesis Analytics Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Synthesis Analytics Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 & 11. Additionally, Sustainalytics is of the opinion that Synthesis has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Synthesis Analytics is well-positioned to issue green bonds and that the Synthesis Analytics Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

## Appendices




### Appendix 1: Green Bond / Green Bond Programme - External Review Form

	LEED	Singapore BCA Green Mark	BREEAM
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	The BCA Green Mark Scheme provides real estate certifications in Singapore to promote sustainability in the built environment (during project conceptualisation and design, as well as during construction.) <sup>15</sup>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.
Certification levels	Certified Silver Gold Platinum	Certified Gold Gold Plus Platinum	Pass Good Very Good Excellent Outstanding
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Responsive Design</li> <li>• Building Energy Performance</li> <li>• Resource Stewardship</li> <li>• Smart and Healthy Buildings</li> <li>• Advanced Green Efforts</li> </ul>	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation
Requirements	Prerequisites (independent of level of certification) + Credits with associated points  These points are then added together to	Prerequisites for each performance area (to demonstrate minimum criteria met) + numerical scores achieved in accordance with the criteria in each performance area.	Prerequisites depending on the levels of certification + Credits with associated points  This number of points is then weighted by item <sup>17</sup> and gives a BREEAM level of certification,

<sup>15</sup> [https://www.bca.gov.sg/greenmark/green\\_mark\\_buildings.html](https://www.bca.gov.sg/greenmark/green_mark_buildings.html)

<sup>17</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item



	<p>obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Performance Areas have different weights. <sup>16</sup></p> <p>Depending on the level of building performance and numerical score achieved in performance area, building's level of certification is determined.</p> <p>Assessment of compliance with Green Mark criteria is done by the Singapore Building and Construction Authority (BCA).</p>	<p>which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>
Performance display			

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

### Section 1. Basic Information

<b>Issuer name:</b>	Synthesis Analytics
<b>Green Bond ISIN</b>	ISIN: GB00BM8QTK66 for GBP series ISIN: GB00BM8QTL73 for USD series
<b>Green Bond Framework Issuer Name</b>	Sustainable Capital Plc
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	May 8, 2020
<b>Publication date of review publication:</b>	

<sup>16</sup> [https://www.bca.gov.sg/GreenMark/others/Green\\_Mark\\_NRB\\_2015\\_Criteria.pdf](https://www.bca.gov.sg/GreenMark/others/Green_Mark_NRB_2015_Criteria.pdf)



## Section 2. Review overview

### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize 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 <sup>nd</sup> 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 eligible categories for the use of proceeds Renewable Energy, Green Digital Solutions, Energy Efficiency, Green Buildings are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 & 11.

### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy                       | <input checked="" 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 checked="" 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 checked="" type="checkbox"/> Other <i>(please specify)</i> : Green Digital Solutions |

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

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Synthesis Analytics' internal process for evaluating and selecting projects is overseen by the Board of Directors. Projects are evaluated and selected in accordance with the Framework's eligibility criteria. Synthesis' Board ensures the ongoing eligibility of projects. This process takes place at least on an annual basis. Sustainalytics considers the project selection process in line with market practice.

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

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Synthesis Analytics' processes for management of proceeds is handled by the Financial Management Team. Funds will be tracked and monitored via an internal accounting system. The Team will strive to ensure that the amount of eligible green projects exceeds to total value of proceeds. Unallocated proceeds, if any, will be temporarily held in cash, cash equivalents or short-term liquid instruments. This is in line with market practice.

**Tracking of proceeds:**

- ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other *(please specify)*:

**Additional disclosure:**

- ☐ Allocations to future investments only
- ☒ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements
- ☐ Allocation to a portfolio of disbursements
- ☐ Disclosure of portfolio balance of unallocated proceeds
- ☐ Other *(please specify)*:

**4. REPORTING**

Overall comment on section (if applicable):

Synthesis Analytics intends to report allocation proceeds on its website, on an annual basis, until full allocation. Synthesis will report on the total allocation of proceeds and a list/description of corresponding projects financed, and the balance of unallocated proceeds. In addition, Synthesis Analytics is committed to reporting on relevant impact metrics. Sustainalytics views Synthesis Analytics' allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- ☐ Project-by-project
- ☒ On a project portfolio basis
- ☐ Linkage to individual bond(s)
- ☐ Other *(please specify)*:

**Information reported:**

- ☒ Allocated amounts
- ☐ Green Bond financed share of total investment
- ☐ Other *(please specify)*:

**Frequency:**

- ☒ Annual
- ☐ Semi-annual
- ☐ Other *(please specify)*:

**Impact reporting:**

- ☐ Project-by-project
- ☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (please specify):

**Frequency:**

☒ Annual

☐ Semi-annual

☐ Other (please specify):

**Information reported (expected or ex-post):**

☐ Energy Savings

☒ Other ESG indicators (please specify)

Eligible green project categories	Potential KPIs
Renewable energy	<ul style="list-style-type: none"> <li>• Renewable energy generated (GWh)</li> <li>• Installed generation capacity (GWh)</li> <li>• GHG emission reduction (kton CO2e)</li> <li>• Electricity acquired from renewable sources (GWh and percentage of total consumption)</li> <li>• Electricity consumption from renewable sources (GWh and percentage of total consumption)</li> </ul>
Green digital solutions	<ul style="list-style-type: none"> <li>• Energy abated through services (GWh)</li> <li>• Improved energy efficiency through services (unit as relevant)</li> <li>• GHG emissions abated through services (kton CO2e)</li> <li>• Improved GHG emissions efficiency through services (unit as relevant)</li> <li>• Resources abated through hardware optimizations (kton of raw material or unit as relevant)</li> <li>• Service-related KPIs such as deployed number of working units of a specific generation and type</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>• Operational energy efficiency (kWh/unit of work performed or other relevant unit)</li> <li>• Energy savings (GWh)</li> <li>• GHG emissions reductions from energy savings (kton CO2e)</li> <li>• Energy captured and reused (GWh)</li> </ul>
Green buildings	<ul style="list-style-type: none"> <li>• Type and levels of certification of properties owned or operated</li> <li>• Energy savings (GWh)</li> <li>• GHG emissions reduction (kton CO2e)</li> <li>• Energy footprint of properties (kWh/m2 or other relevant unit)</li> <li>• Carbon footprint of properties (kg CO2e/m2 or other relevant unit)</li> </ul>

#### Means of Disclosure

- ☐ Information published in financial report      ☒ Information published in sustainability report
- ☐ Information published in ad hoc documents      ☐ Other (please specify):
- ☐ 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.)

#### SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

##### Type(s) of Review provided:

- ☐ Consultancy (incl. 2<sup>nd</sup> opinion)      ☐ Certification
- ☐ Verification / Audit      ☐ Rating
- ☐ Other (*please specify*):

**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.

- 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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