

## Green Bond / Green Bond Programme

### Independent External Review Form

#### Section 1. Basic Information

**Issuer name:** *Vestel Group*

**Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:** *Vestel Green Bond Framework*

**Independent External Review provider's name:** *Vigeo Eiris*

**Completion date of this form:** *05/06/2020*

**Publication date of review publication:** *week of June 8<sup>th</sup>, 2020*

#### 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 INDEPENDENT EXTERNAL REVIEW PROVIDER

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification                    | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify):         |   |

*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)

Vigeo Eiris is of the opinion that the Green Bond Framework of Vestel is aligned with the four core components of the Green Bond Principles 2018.

## 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 net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under three Green Project Categories ("Eligible Categories"), namely: Climate Change Mitigation, Sustainable Use and Protection of Water, and Circular Economy and Waste Prevention and Recycling. We consider the Eligible Categories to be clearly defined.

The Eligible Categories are intended to contribute to three main environmental objectives (climate change mitigation, natural resource conservation, and pollution prevention and control). These objectives are formalized in the Framework and considered clearly defined and relevant.

The Eligible Categories are considered to provide clear environmental benefits. The Issuer has committed to assess and, where feasible, quantify the expected environmental benefits of the Bonds. An area for improvement consists in defining ex-ante quantified environmental targets, for each Eligible Category.

The Eligible Categories are likely to contribute to four of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 6. Clean Water and Sanitation, Goal 7. Affordable and Clean energy, Goal 12. Responsible Consumption and Production, Goal 13. Climate Action.

The Issuer has transparently communicated on the estimated share of refinancing for its first Bond issuance, which will be between 70% and 100%. The Issuer has committed that, in case of re-financing, a look-back period of maximum 36 months from each Bonds' issuance date will be applied, in line with market practices.

#### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input 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 checked="" type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input checked="" 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 (please specify):   |

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

### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

**Overall comment on section (if applicable):**

The governance and process for the evaluation and selection of the Eligible Projects are formalized in the Framework and in internal documentation. We consider that the process is reasonably structured, transparent and relevant.

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

The identification and management of the environmental and social risks associated with the Eligible Projects are considered overall good.

**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 checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other (please specify):  |

**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 (please specify):  |   |

**3. MANAGEMENT OF PROCEEDS**

**Overall comment on section (if applicable):**

The rules for the management of proceeds are clearly defined in the Framework and in internal documentation and will be verified. We consider that they would enable a documented and transparent allocation process.

**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 (please specify):  |

**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 checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> :                       |

#### 4. REPORTING

##### Overall comment on section *(if applicable)*:

The reporting process and commitments appear to be good, covering both the funds allocation and the environmental benefits of the Eligible Projects.

The reporting indicators on allocation of proceeds and environmental benefits are relevant and clear.

##### Use of proceeds reporting:

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

*The total amount of net proceeds allocated to each Eligible Category, including a list of eligible expenditures financed; The share (%) of financing and/or refinancing in total Bond proceeds; The share of allocated and unallocated proceeds*

##### **Frequency:**

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

##### Impact reporting:

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

##### **Frequency:**

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

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

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
|---|---|

☒ Decrease in water use

☐ Other ESG indicators (*please specify*): savings in chemical usage; savings in materials use; reduction in packaging waste

### 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*): The issuer has also committed to mandate an external auditor to verify the Green Bond Impact Report, covering (i) the actual allocation of proceeds to the Eligible Green Assets, (ii) their alignment with the eligibility criteria and (iii) the output, outcome and impact indicators.

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.*)

<http://www.vestelinvestorrelations.com/en/>

### SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

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

☒ Second Party Opinion

☐ Certification

☐ Verification

☐ Scoring/Rating

☐ Other (*please specify*):

Review provider(s): Vigeo Eiris

Date of publication: week of June 8<sup>th</sup> 2020

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

1. **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.
2. **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.
3. **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.
4. **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.