

SINDICATUM RENEWABLE ENERGY COMPANY GREEN BOND

SECOND OPINION BY SUSTAINALYTICS

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1. INTRODUCTION

Sindicatum Renewable Energy Company Pte. Ltd. (“SREC” or the “Company”) is a growth-oriented renewable energy independent power producer that develops, owns, operates and acquires contracted renewable energy generation facilities in the high-growth emerging markets of South and Southeast Asia. SREC has developed a Green Bond Framework under which it intends to issue Green Bonds, using the proceeds to finance or re-finance clean power generation facilities. Proceeds may be directed towards, but not limited to, the following types of projects:

- Solar projects
- Wind projects
- Waste to Energy projects
- Bagasse-Cogeneration projects

SREC has engaged Sustainalytics to provide a second opinion on its Green Bond Framework and the framework’s environmental credentials. As part of this engagement, Sustainalytics requested and reviewed a broad set of documentation in order to understand the planned use of proceeds, as well as other aspects of the SREC’s Green Bond Framework. Sustainalytics also reviewed relevant public documents and other non-public information. Following this engagement, some elements of SREC’s Green Bond Framework were clarified to ensure an alignment with the level of disclosure expected by Green Bond Principles (GBP) 2017¹, as well as ASEAN Capital Markets Forum’s ASEAN Green Bond Standards (“AGBS”) ².

This document contains Sustainalytics’ opinion on SREC’s Green Bond Framework and should be read in conjunction with that framework.

¹ The Green Bond Principles 2017, dated 2 June 2017, issued by the International Capital Market Association (ICMA):
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/SocialBondsBrochure-JUNE2017.pdf>

² The ACMF has developed the ASEAN Green Bond Standards based on the ICMA’s GBP as they are internationally accepted and widely used for the development of national green bond guidelines or standards issued globally.
ASEAN Green Bond Standards, dated November 2017, issued by the ASEAN Capital Markets Forum (ACMF):
http://www.theacmf.org/ACMF/upload/ASEAN_Green_Bond_Standards

2. SUSTAINALYTICS' OPINION

Section 1: Sustainalytics' Opinion on the SREC Green Bond Framework

Overall, Sustainalytics is of the opinion that the Sindicatum Renewable Energy Company Green Bond Framework is credible and transparent, and aligns with the four pillars of the Green Bond Principles (GBP) 2017 and ASEAN Green Bond Standards (AGBS) 2017. Some key considerations of the framework include:

- Renewable Energy is recognized by the 2017 GBP and AGBS as a project category with clear environmental impact. SREC's investments in renewable energy will result in reduced CO₂ emissions and contribute to Sustainable Development Goal (SDG) 7, Target 2: "By 2030, increase substantially the share of renewable energy in the global energy mix."
- SREC's disclosure and processes with respect to the management of proceeds, project selection and reporting are in line with market practices.
- SREC has a framework to consistently manage environmental, health, safety and social (EHS&S) risks and implement systems across its operations and project sites. SREC's risk process ensures that all eligible projects undergo a mandated or voluntary environmental and social risk assessment. Voluntary assessments are aligned with the Performance Standards on Environmental and Social Sustainability (2012) of the International Finance Corporation (IFC).³
- Sustainalytics is of the opinion that the exclusions outlined in the SREC Green Bond Framework serve to mitigate some of the environmental or social risk associated with the eligibility criteria, helping to ensure that the bond proceeds will have a net positive impact.

Alignment with ICMA's Green Bond Principles 2017 and ACMF's ASEAN Green Bond Standards 2017

Sustainalytics has determined that the Sindicatum Renewable Energy Company's Green Bond Framework aligns to the four pillars of the GBP and AGBS 2017. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

³ http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

Section 2: Assessment of SREC's Environmental and Social Risk Strategy

SREC has articulated clear sustainability commitments through its policies and its corporate responsibility framework. The company follows an Environmental and Social Corporate Policy, where it commits to:

- Conducting and carrying out all our operations in an environmentally and socially acceptable and sustainable manner with minimal residual or negative impact on the associated components, be it people, property or biodiversity;
- Prioritizing risk management strategies with the objective of achieving an overall reduction of risk to human health and the environment, focusing on the prevention of irreversible and/or significant impacts;
- Ensuring that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risk to the affected communities.⁴

Sustainalytics is of the opinion that SREC's commitments to assess and manage environmental and social risks go beyond a commitment to legal compliance. The Company's policies, procedures and protocols demonstrate its commitment to manage its projects or project companies in line with local statutory norms and benchmarked against the widely accepted IFC Performance Standards and associated IFC/World Bank Environmental, Health, and Safety (EHS) Guidelines.

Environmental and Social Impact Assessment (ESIA) studies based on the IFC Performance Standards cover a wide range of issues to address environmental and social risks including: management of environmental and social impacts, community impacts, resource efficiency and pollution prevention, and labour conditions. These standards are recognized as best practice internationally. Moreover, Sustainalytics considers this level of due diligence particularly important given SREC's involvement in developing and emerging markets, where the environmental and social risks associated with such projects are greater.

Given the integration of environmental and EHS&S concerns into its operations, its robust internal risk assessment process for renewable energy projects, development of processes to mitigate environmental and social risks in alignment with the IFC Performance Standards, and the lack of environmental and social controversies associated with the proposed eligible projects, Sustainalytics believes that SREC is well positioned to mitigate common environmental and social risks in emerging markets.

⁴ SREC Environmental and Social Corporate Policy document

Section 3: Impact of Use of Proceeds

As of 2014, Asia accounted for 33% of all global emissions.⁵ These emissions are increasing globally, and at a faster rate in Asia than in other parts of the world.⁶ In the wake of the COP21 in Paris, there is a global desire to reduce energy use, increase energy efficiency and implement innovative technologies to combat climate change.

SREC's Green Bond proceeds will be allocated to renewable energy projects including solar and wind power generation facilities, waste-to-energy projects and bagasse-cogeneration projects which the company currently operates, is developing, or is acquiring in South and Southeast Asia.⁷

In addition to a number of operating solar projects in both India and the Philippines, SREC currently also operates a number of bagasse cogeneration plants⁸ in India and landfill gas energy (LFGE)⁹ electric generation facilities in Thailand.

Both bagasse and LFGE have a proven track record as a source of clean energy. The energy produced using bagasse helps highly energy intensive sugar mills to meet 100% of their energy needs. Additionally, facilities needed to generate heat and electricity from bagasse are often located at or near the sugar mill, which removes the need for transportation. LFGE electric generation facilities utilize landfill gas for energy, which greatly reduces its climate change impact.¹⁰ Furthermore, using landfill gas to produce electricity avoids the need to generate electricity at traditional power plants and thus reduces air pollution from these plants.

The renewable energy projects to be financed by SREC's Green Bond have a proven track record as a source of clean energy. Sustainalytics has a positive view of SREC's project portfolio and believes such projects will reduce GHG emissions from electricity generation in high-growth emerging markets of South and Southeast Asia. Moreover, such projects will directly contribute to commitments made by each country to reduce GHG emissions.

Alignment with the Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs), spearheaded by the United Nations, were established in September 2015 and form an agenda for achieving sustainable development by the year 2030. SREC's Green Bonds will specifically contribute to SDG 7, Target 2: "By 2030, increase substantially the share of renewable energy in the global energy mix."

⁵ <http://www.worldbank.org/en/news/opinion/2016/05/03/asia-help-lead-way-change-course-climate-change>

⁶ <https://www.epa.gov/climate-indicators/climate-change-indicators-global-greenhouse-gas-emissions#>

⁷ Current countries in which SREC has invested in include: India, Philippines, and Thailand.

⁸ Bagasse is the dry pulpy residue remaining after the extraction of juice from sugar cane. It is a waste material (biomass) from sugar production.

⁹ LFGE is a system in which landfill gas is extracted through a network of pipes laid in the sanitary landfill, treated and used to generate electricity.

¹⁰ <https://www.nrdc.org/sites/default/files/lfg.pdf>

Conclusion

Sustainalytics is of the opinion that SREC's investments will result in reduced carbon emissions in South and Southeast Asian countries. Renewable energy is recognized by the GBP as an eligible green project category, offering clear environmental benefits. Furthermore, the Sindicatum Green Bond Framework is aligned with the four pillars of the Green Bond Principles 2017 (see Appendix 1) and ASEAN Green Bond Standards 2017, which address use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. Based on the above considerations, Sustainalytics is of the view that the Sindicatum Green Bond Framework is robust and credible.

APPENDICES

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

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: Sindicatum Renewable Energy Company Pte. Ltd. ("SREC")

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Sindicatum Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: October 4, 2017

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 the Green Bond Framework (posted in a separate document) and Second Opinion Document 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):

Sustainalytics is of the opinion that the use of proceeds of SREC's Green Bonds are aligned with the 2017 Green Bond Principles (GBP). SREC's investments in renewable energy projects will result in reduced carbon emissions in South and Southeast Asian countries

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"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Projects will be evaluated and selected based on, but not limited to, (i) SREC's Objectives (ii) Commercial Feasibility; (iii) Stakeholder Consultation and Impact on the Community; (iv) Risk and key mitigations (v) Environmental, Social and Health and Safety (ESHS) in accordance with IFC Performance Standards; (vi) Anti-corruption and anti-discrimination standards; (viii) potential avoidance of GHG emissions. Sustainalytics is of the opinion that SREC's project evaluation and selection process is robust and comprehensive.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <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 checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Funds raised from the Green Bond will be transferred to the Payments account matching the amount of investments and expenditures in the Eligible Projects on a portfolio basis, and Sindicatum will maintain a healthy buffer of investments and expenditures over the green funding. Internal monitoring systems will be established and maintained to track and record the allocation of the proceeds. Any unallocated proceeds may be deployed at the Company's discretion in cash, or cash equivalent instruments, in accordance with the Company's investment and treasury policy.

Sustainalytics is of the opinion that this is in line with market best practices.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in a systematic 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> : |

4. REPORTING

Overall comment on section (if applicable):

A Green Bond report will be published on an annual basis until full allocation and will be available on Sindicatum's website. This report will contain a list of Eligible Projects, a description of projects and the amounts allocated, and expected impacts of projects.

Sustainalytics is of the opinion that the SREC's reporting and disclosure is in line with market best practices.

Use of proceeds reporting:

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

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

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

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 (please specify): |

Frequency:

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

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Other ESG indicators (please specify): | |

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): issuer's 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.)

www.sindicatum.com

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Review provider(s):

Date of publication:

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

- (i) **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are

separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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