

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Sponsor and Green Asset-Backed Notes
Asset Pool

Lime Residential, Ltd.
8th October 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Sustainable Home Improvement Loan-Backed Notes: Sustainable Home Improvement Backed Notes, Series 2021-5, issued by GoodLeap Sustainable Home Solutions Trust 2021-5 (“Green Asset-Backed Notes”)
Relevant standards	<ul style="list-style-type: none">ICMA Green Bond Principles
Scope of verification	<ul style="list-style-type: none">Lime Residential Ltd. Green Asset-Backed Notes (as of 09.2021)Lime Residential Ltd. Asset Pool (as of 09.2021)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">For a single issuance after SPO publication

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Overall Evaluation of the Green Asset-Backed Notes

Lime Residential Ltd. (“Lime Residential” or “the sponsor”) commissioned ISS ESG to assist with its sponsorship of the issuance of Green Asset-Backed Notes by the GoodLeap Sustainable Home Solutions Trust 2021-5 (specifically, Sustainable Home Improvement Notes, Series 2021-5) by assessing three core elements to determine the sustainability quality of the instrument:

1. Credit Suisse’s¹ sustainability performance, according to the ISS ESG Corporate Rating.
2. Lime Residential’s Green Asset-Backed Notes processes (09.2021 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs).
3. The Green Asset-Backed Notes’s Asset Pool – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
Part 1: Issuer sustainability performance	Lime Residential, Ltd. is a member of Credit Suisse AG’s consolidated group, and therefore falls under Credit Suisse AG’s ESG Performance Rating. ISS ESG was previously mandated by Credit Suisse for a SPO on their green finance framework in May 2020. Credit Suisse’s ESG performance is available within their SPO, which is available on: https://www.isscorporatesolutions.com/solutions/esg-solutions/second-party-opinion/	-
Part 2: Alignment with GBPs	The Sponsor has defined a formal concept for its Green Asset-Backed Notes regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs. However, the Sponsor did not publicly publish a separate, transaction-specific Green Finance Framework to accompany this issuance.	Aligned
Part 3: Sustainability quality of the asset pool	The overall sustainability quality of the Asset Pool, for this issuance, in terms of sustainability benefits, risk avoidance and minimization, was assessed by ISS ESG Green Bond KPIs. The Green Bond KPIs contain a clear description of eligible asset category: Rooftop solar P.V. The Asset Pool contributes positively to SDGs 7 “Affordable and clean energy” and 13 “Climate action”. ISS ESG finds that environmental and social risks associated to the rooftop solar p.v. assets are managed appropriately.	Positive

¹ Lime Residential Ltd. is a member of Credit Suisse AG’s consolidated group.

² ISS ESG’s evaluation is based on Lime Residential Ltd. Green Asset-Backed Notes (September 2021), on the analysed Asset Pool as received in September 2021. To the extent possible, ISS ESG underwent a controversy screening of the Asset Pool on the 05.10.2021.

ISS ESG SPO ASSESSMENT

PART I: ASSESSMENT OF CREDIT SUISSE AG'S ESG PERFORMANCE

Lime Residential Ltd. is a member of Credit Suisse AG's consolidated group, and therefore falls under Credit Suisse AG's ESG Performance Rating.

ISS ESG was previously mandated by Credit Suisse for an SPO on their green finance framework in May 2020. Credit Suisse's ESG performance is available within their SPO, which is available on ISS Corporate Solutions' website:

<https://www.isscorporatesolutions.com/solutions/esg-solutions/second-party-opinion/>

PART II: ALIGNMENT WITH THE GREEN BOND PRINCIPLES

1. Use of Proceeds

Proceeds from this issuance of Green Asset-Backed Notes will be allocated in full to finance or refinance new and existing projects and assets with a clear and defined environmental benefit meeting the following eligibility criteria, generally consistent with the Green Bond Principles (“Eligible Projects”).

CATEGORY	ASSETS INCLUDED IN THE GREEN COMMERCIAL PAPER	VOLUME AND SHARE OF ASSETS
Renewable Energy (<i>Solar</i>)	✓	387 USD m (100%) ³
Energy Efficiency	✗	USD 0m (0%)
Low Carbon Buildings	✗	USD 0m (0%)
Conservation Finance	✗	USD 0m (0%)
Clean Transportation	✗	USD 0m (0%)
Sustainable Waste Management	✗	USD 0m (0%)
Circular Economy	✗	USD 0m (0%)
Total		USD 387m

The proceeds will be used for financing or refinancing of Eligible Projects. Lime Residential will allocate the proceeds in their entirety on the day of issue.

Opinion: ISS ESG considers the Use of Proceeds description provided by Lime Residential’s Green Asset-Backed Notes processes to be aligned with the GBPs as it aims to finance renewable energy (solar p.v.) assets.

2. Process for Project Evaluation and Selection

The SP Finance Team, as manager of Lime Residential, will be responsible for determining which projects qualify as Eligible Projects. The SP Finance Team will verify the suitability and eligibility of such investments in collaboration with internal experts and stakeholders and using criteria that is generally consistent with the Green Bond Principles.

Eligible Projects will be evaluated using financial and risk-based analyses as well as strategic considerations to determine which ones are to be allocated to any specified issuance of Green Asset-Backed Notes.

³ UPB of assets

The SP Finance Team expects the entirety of the proceeds of the issuance of Lime's Green Asset-Backed Notes will be allocated to the financing of Eligible Projects on date of issue. The SP Finance Team has formal risk management policies, procedures and systems in place to identify, assess and mitigate risks related to the Eligible Projects.

Opinion: *ISS ESG finds that the process for project evaluation and selection description provided by Lime Residential's Green Asset-Backed Notes processes as aligned with the GBPs. Involving internal experts and stakeholders in the process reflects good practices.*

3. Management of Proceeds

Lime Residential intends to allocate the proceeds from Green Asset-Backed Notes to Eligible Projects.

Lime Residential expects that the entirety of the proceeds of its Green Asset-Backed Notes will be allocated to the financing of Eligible Projects on date of issue.

Opinion: *ISS ESG finds that the management of proceeds proposed by Lime Residential's Green Asset-Backed Notes processes is well aligned with the GBPs, as all the proceeds will be allocated on the day of issuance.*

4. Reporting

As the entirety of the proceeds of issuance will be allocated to Eligible Projects on the date of issue, Lime Residential will include information regarding its allocation of proceeds to Eligible Projects in its initial servicer report, including the total amount of proceeds allocated.

Opinion: *ISS ESG finds that the reporting proposed by Lime Residential's Green Asset-Backed Notes processes is aligned with the GBPs. Proceeds allocation reporting aligns with the requirements of the GBPs. However, the servicer report will not be made publicly available, but will only be provided to investors. Furthermore, it is worth noting that the issuer does not plan to report on the impact of the proceeds.*

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN ASSET-BACKED NOTES TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Asset-Backed Notes Asset Pool and using a proprietary methodology, ISS ESG assessed the contribution of Lime Residential’s Green Asset-Backed Notes to the Sustainable Development Goals defined by the United Nations (UN SDGs).

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



Each of the Green Asset-Backed Note’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Rooftop Solar P.V.	Significant contribution	 

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE GREEN ASSET-BACKED NOTES

Rooftop Solar P.V.

As a Use of Proceeds category, rooftop solar P.V. for residential buildings has a significant contribution to SDG 7 “Affordable and clean energy” and SDG 13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Supply chain standards⁴

- ✓ More than 50% of the assets provide for high labour and health safety standards in the supply chain of solar modules.

Environmental aspects of solar panels⁵

- ✓ More than 50% of assets provide for high environmental standards regarding take-back and recycling of solar modules at end-of-life stage (e.g. in line with WEEE requirements).
- ✓ More than 50% of assets provide for high standards regarding the reduction or elimination of toxic substances within solar panels (e.g. in line with RoHS requirements or other relevant standards).

Responsible treatment of customers with debt repayment problems

- ✓ 100% of assets offer responsible treatment of customers with debt repayment problems such as waivers, forbearance, payment arrangements or extension agreements. Additionally, the U.S Federal law referred as the Investment Tax Credit (ITC) was established by the Energy Policy act of 2005 and allows owners of solar energy systems to deduct 30% of the cost of installing the system from their federal taxes.

Controversy assessment

A controversy assessment was conducted on the assets and revealed two severe controversies (attributed to Jinko Solar and GCL-Poly Energy for direct involvement in forced labour).

⁴ Both the assessment of the supply chain standards and the environmental aspects of solar panels are solely based on publicly available policies, measures or commitments at suppliers’ level.

⁵ Both the assessment of the supply chain standards and the environmental aspects of solar panels are solely based on publicly available policies, measures or commitments at suppliers’ level.

DISCLAIMER

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

ISS ESG Green Bond KPIs

The ISS ESG Green Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Lime Residential’s Green Asset-Backed Notes.

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

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

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Asset evaluation methodology

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

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

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

Assessment of the contribution and association to the SDG

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

ANNEX 2: Quality management processes

SCOPE

Lime Residential commissioned ISS ESG to compile a Green Asset-Backed Notes SPO. The Second Party Opinion process includes verifying whether Lime Residential's Green Asset-Backed Notes processes aligns with the Green Bond Principles and to assess the sustainability credentials of its Green Asset-Backed Notes, as well as Credit Suisse's⁶ sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ISS ESG KPI set: - Rooftop solar P.V.

ISSUER'S RESPONSIBILITY

Lime Residential's responsibility was to provide information and documentation on:

- The Green Asset-Backed Notes processes
- Asset pool
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

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

ISS ESG has conducted this independent Second Party Opinion of the Green Asset-Backed Notes to be issued by Lime Residential based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with Lime Residential took place in September and October 2021.

ISS ESG'S BUSINESS PRACTICES

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

⁶ Lime Residential Ltd. is a member of Credit Suisse AG's consolidated group, and therefore falls under Credit Suisse AG's ESG Performance Rating.

About ISS ESG SPO

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

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

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

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

For Information about SPO services, contact:

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