

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green and Positive Impact Bond Framework

ALD Automotive
7 June 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green and Positive Impact Bonds
Relevant standards	<ul style="list-style-type: none">Principles for Positive Impact Finance (PPIF, 2017) by the UNEP FI, the Green Bond Principles (GBP, June 2021), as administered by the International Capital Market Association (ICMA), and the proposed European Green Bond Standard (EU GBS, July 2021)
Scope of verification	<ul style="list-style-type: none">ALD's Green and Positive Impact Bond Framework (as of 01.06.2022)ALD's selection criteria (as of 01.06.2022)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the framework

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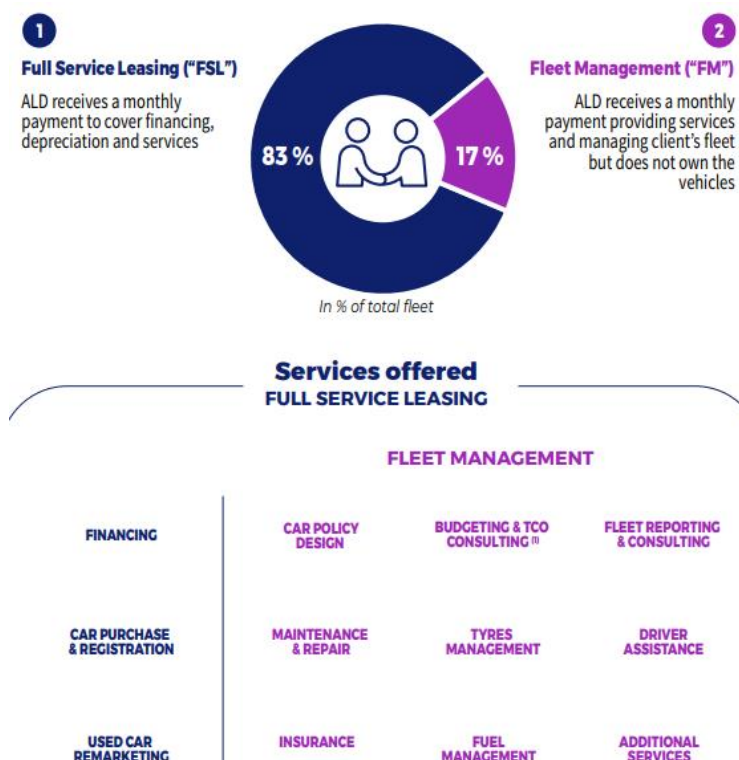
SCOPE OF WORK

ALD Automotive (“the issuer” or “ALD”) commissioned ISS ESG to assist with its Green and Positive Impact Bonds (including any type of debt securities such as covered or convertible bonds and commercial papers) by assessing three core elements to determine the sustainability quality of the instrument:

1. Green and Positive Impact Bonds’ link to ALD’s sustainability strategy – drawing on ALD’s overall sustainability profile and issuance-specific Use of Proceeds’ categories.
2. ALD’s Green and Positive Impact Bond Framework (01.06.2022 version) – benchmarked against the Principles for Positive Impact Finance (PPIF, 2017) by the UNEP FI, ICMA’s Green Bond Principles (GBP) and the proposed European Green Bond Standard (EU GBS, July 2021) on a best effort basis.
3. The selection criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (see annex 1).

ALD BUSINESS OVERVIEW

ALD provides full-service vehicle leasing and fleet management services. It operates in the following regions: Western Europe, Continental and Eastern Europe, Nordic and South America, Africa, Asia and the rest of the World. The company was founded on February 19, 1998, and is headquartered in Paris, France.



Source: ALD Universal Registration Document 2021

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Alignment with PPIF, GBP and proposed EU GBS</p>	<p>The issuer has defined a formal concept for its Green and Positive Impact Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the PPIF and GBP.</p> <p>Additionally, this concept is aligned with the proposed European Green Bond Standard (EU GBS, July 2021) on a best effort basis.</p>	Aligned
<p>Part 2:</p> <p>Sustainability quality of the selection criteria</p>	<p>The overall sustainability quality of the selection criteria in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The Green and Positive Impact Bonds will (re-) finance the asset category electric vehicles.</p> <p>The product and service use of proceeds' category has a limited contribution to SDG 7 'Affordable and clean energy' and a significant contribution to 13 'Climate action'.</p> <p>The environmental and social risks associated with this use of proceeds' category has been well managed.</p>	Positive
<p>Part 3:</p> <p>Green and Positive Impact Bonds link to issuer's sustainability strategy</p>	<p>According to the ISS ESG Corporate Rating published on 12.02.2022, the issuer shows a medium sustainability performance.</p> <p>ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green and Positive Impact Bonds is clearly described by the issuer.</p>	Consistent with issuer's sustainability strategy

¹ ISS ESG's evaluation is based on ALD's Green and Positive Impact Bond Framework (June 2022 version).

ISS ESG SPO ASSESSMENT

PART I: CORRESPONDENCE OF GBP AND PPIF AND PROPOSED EU GBS

The following table summarizes the correspondence of ALD's Green and Positive Impact Bond Framework with ICMA's Green Bond Principles (GBP) and the UNEP FI's Principles for Positive Impact Finance (PPIF).

	ICMA GBP	PPIF	CORRESPONDENCE
Part 1	Use of proceeds	Definition	✓
Part 2	Process for Project Evaluation and Selection	Framework	✓
Part 3	Management of proceeds	Transparency	✓
Part 4	Reporting	Assessment	✓

This following section describes ISS ESG's assessment of the alignment of the use of proceeds proposed by ALD's Green and Positive Impact Bond Framework (dated 01.06.2022) with ICMA's GBP, the proposed European Green Bond Standard (EU GBS, July 2021) and the PPIF.

GBP, PPIF AND EU GBS	ALIGNMENT	ISS ESG'S OPINION
<ol style="list-style-type: none"> 1. GBP Use of Proceeds 2. PPIF Definition 3. EU GBS 	✓	<ul style="list-style-type: none"> ▪ ISS ESG considers the Use of Proceeds' description provided by ALD's Green and Positive Impact Bond Framework as aligned with the GBP and the PPIF. <p>The issuer's green categories align with the project categories as proposed by the GBP; criteria are defined in a clear and transparent manner. Environmental benefits are qualitatively described, and harmful project categories are explicitly excluded.</p> <ul style="list-style-type: none"> ▪ The issuer defines positive contribution as being aligned with the substantial contribution criteria of the EU Taxonomy. While ALD does not consider the fulfilment of the Do No Significant Harm (DNSH) criteria as a foundation for positive contribution, it has an environmental and social risk management approach in place. ALD also states that it will work towards providing a DNSH assessment as

		<p>part of its 2022 extra financial disclosures (pending data availability).</p> <ul style="list-style-type: none"> In terms of the proposed EU GBS, the proceeds will be used to finance and refinance a mix of expenditures relating to Battery Electric Vehicles (existing and future capex). ALD explains that the DNSH assessment is in progress and does not set a specific a timeline for when it will be ready, whereas the proposed EU GBS allows for up to 5 years for the EU Taxonomy alignment to be confirmed.
<p>4. GBP Process for Project Evaluation and Selection</p> <p>5. PPIF Framework</p> <p>6. EU GBS</p>	<p>✓</p>	<ul style="list-style-type: none"> ISS ESG considers the process for project evaluation and selection description provided by ALD’s Green and Positive Impact Bond Framework as aligned with the GBP and PPIF. <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. The issuer explains the responsibilities in relation to the project selection and evaluation process and involves stakeholders.</p> <ul style="list-style-type: none"> ALD’s sourcing strategy integrates key principles of environmental and social risk management (e.g. regarding tenders, know your supplier concept, supplier agreements).
<p>7. GBP Management of Proceeds</p> <p>8. PPIF Transparency</p> <p>9. EU GBS</p>	<p>✓</p>	<ul style="list-style-type: none"> ISS ESG finds the management of proceeds proposed by ALD’s Green and Positive Impact Bond Framework to be aligned with the GBP and PPIF. <p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the issuer tracks the proceeds on a separate account it manages and discloses the temporary investment instruments for unallocated proceeds.</p>

		<p>On a best effort basis, it commits to reach full allocation no longer than two years after the issuance date. ALD also discloses its procedure regarding the reallocation of proceeds in case of divestments.</p> <ul style="list-style-type: none"> ALD makes transparent what it considers positive contribution; the processes it has in place to verify impact and the impacts that it plans to achieve.
<p>10. GBP Reporting 11. PPIF Assessment 12. EU GBS</p>	<p style="text-align: center;">✓</p>	<ul style="list-style-type: none"> ISS ESG finds the allocation and impact reporting proposed by ALD’s Green and Positive Impact Bond Framework as aligned with the GBP and PPIF. The issuer commits to disclose the allocation of proceeds transparently. ALD explains the level of expected reporting and the type of information that will be reported. Moreover, the issuer commits to report annually, until the bond matures. ALD also specifies information for its impact reporting, including the level of reporting, impact indicators, the frequency of reporting, the scope and the duration. The framework and reporting outlined by ALD allows the firm to report on the actual impacts achieved as part of its positive contribution approach. An external auditor will review the positive impact reporting. In terms of the proposed EU GBS, the reporting commitments meet the requirements, including annual and public allocation and impact reporting throughout the term of the bond, as well as external assurance of the reports. The framework confirms that European green bond factsheet, which has received an external review, will be published pre-issuance of the bond as required by the EU GBS. It also encloses an illustrative example of the factsheet in the annex.

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN AND POSITIVE IMPACT BONDS TO THE UN SDGs

Companies can contribute to the achievement of the SDGs by providing specific services/products, which help address global sustainability challenges, and by being responsible corporate actors, working to minimise negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the issuer in two different ways, depending on whether the proceeds are used to (re)finance:



- specific products/services,
- improvements of operational performance.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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The Green and Positive Impact Bonds Use of Proceeds' category has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Battery Electric Vehicles (BEV)	Limited Contribution	<div style="display: flex; flex-direction: column; align-items: center; gap: 10px;"> <div style="background-color: #f1c40f; padding: 5px; text-align: center; font-size: 8px;"> 7 AFFORDABLE AND CLEAN ENERGY </div> <div style="background-color: #27ae60; padding: 5px; text-align: center; font-size: 8px;"> 13 CLIMATE ACTION </div> </div>

² This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds' categories that are based on the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Compliance of assets with the EU taxonomy is not evaluated under the SPO.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

Electric vehicles

The table below presents the findings of an ISS ESG assessment of the selection criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Labour, Health and Safety

- ✓ ALD states on its website that it conducts its development³ according to values and principles such as the fundamental conventions of the International Labour Organisation (ILO), the Universal Declaration of Human Rights and its complementary commitments, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.
- ✓ ALD is a signatory of the Sustainable Sourcing Charter⁴ which associates its suppliers with due diligence measures based on the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights.

Energy efficiency

- ✓ The eligible fleet to be financed under the framework will only be composed of battery electric vehicles, i.e., zero tailpipe emission vehicles.

Environmental aspects of construction and operation

- ✓ The issuer has developed a proprietary life cycle analysis (LCA) tool to assess not only carbon emissions from the fleet but also carbon and NOx emissions avoided due to ALD's fleet of electrified vehicles. In terms of eligible battery electric vehicles under this framework, ALD's LCA tool showed a 47% reduction in CO₂ emissions and a 48% in NOx emissions compared to baseline internal combustion engine vehicles across all 22 countries measured.
- ✓ ALD applies a number of environmental and social principles within its procurement process, such as ESG criteria in tender specifications and scoring criteria; screening of ESG criteria in the KYS (Know Your Supplier) process, a CSR clause in supplier agreements, including the Sustainable Sourcing Charter; and continuous assessment of strategic suppliers and training of key procurement contacts within the group.

User safety

- ✓ The maintenance of vehicles is included in the service contract of cars leased by ALD to ensure high safety standards throughout the duration of the leases. A full-service leasing insurance contract covers accidents with a 24/7 hotline and customer reporting solutions. The issuer confirms that over 80% of leased BEVs fulfil at least a NCAP 3 stars rating, according to the NCAP website.

³ www.aldautomotive.com/about-ald-automotive/corporate-social-responsibility/responsible-business-practices

⁴ www.societegenerale.com/sites/default/files/construire-demain/12112018_sustainable_sourcing_charter_vf_eng.pdf

PART III: GREEN AND POSITIVE IMPACT BONDS' LINK TO ALD'S SUSTAINABILITY STRATEGY

A. ALD'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the table below. Please note, that this is not a company specific assessment, but areas that are of particular relevance for companies within that industry.



ESG KEY ISSUES IN THE SECTOR
Socially responsible service provision
Environmental impacts of services and supplies
Business ethics and government relations
Fair, safe and non-discriminatory working conditions

ESG performance of the Issuer




Leveraging ISS ESG's Corporate Rating methodology, ISS ESG assessed the current sustainability performance of the issuer to be medium. Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the issuer's current products and services' portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE ⁵	DIRECTION OF IMPACT	UN SDGS
Bicycle rental and/or sharing	1%	CONTRIBUTION	 

⁵ Percentages presented in this table are not cumulative.

Electric vehicles	10%	CONTRIBUTION	
Services enabling greenhouse gas emission reductions	2%	CONTRIBUTION	
Conventional combustion engine vehicles, financing/leasing of conventional combustion engine vehicles	70%	OBSTRUCTION	

Breaches of international norms and ESG controversies

At issuer level

At the date of publication, ISS ESG has not identified any severe controversy in which the issuer is involved.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the road transportation sector are as follows: Anti-competitive behaviour, failure to manage cybersecurity and failure to pay a fair share of taxes.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

B. CONSISTENCY OF GREEN AND POSITIVE IMPACT BONDS WITH ALD'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

In November 2020, ALD announced its Move 2025 strategic plan, which outlines the company's main strategic objectives regarding its envisioned development in the medium and long-term future. Corporate Social Responsibility (CSR) is among the key pillars of the ALD's Move 2025, and the company aspires to integrate it at the heart of its business model.

As a major player in mobility and services, the most material impact on society are the products and services marketed, primarily through emissions from vehicles managed on behalf of customers. Hence, the company focuses its CSR policy on sustainable mobility.

After ALD announced its near-term target to reduce carbon emissions by 40% by 2025, as part of its Move 2025 strategic plan, the company made a public commitment to the Science-Based Targets initiative (SBTi) in November 2021, in the context of COP26. This commitment involves reducing greenhouse gas emissions across all scopes, on a trajectory compatible with achieving the "net zero"⁶ objective by 2050 at the latest. The company commits to submit its last updated reduction targets for SBTi validation within a maximum of 24 months after the initial commitment.

Rationale for issuance

Although the environmental footprint of leased fleets is largely dictated by the product offering (car manufacturers) and utilisation by end users (clients), ALD – owning the assets, and acting as a prescriber in the vehicle choice – is aware of the important role it should play in creating more sustainable mobility in order to reduce the impact of its offerings on the climate. Hence, as part of its Move 2025 strategic plan, the company has set itself a target in November 2020 to reduce CO₂ emissions resulting from the use of its mobility products and services by 40% compared to 2019 baseline⁷.

To achieve this, the company finds electrification to be the best technical solution for individual mobility in the short and medium term: during the use phase, battery-powered electric vehicles (BEV) have zero emissions of CO₂ and NO_x, and pollutant emissions are limited to brake and tyre wear. In 2021, the share of electric vehicles (battery electric vehicles and plug-in hybrids) in ALD's new passenger car contracts in Europe increased to levels above those of the market (27% of ALD electric offerings vs. 19% in the overall European market⁸).

As the company aspires to continue shaping the future of sustainable mobility, ALD has set itself the target of increasing the share of "EV" vehicles (battery-powered electric vehicles and plug-in hybrid vehicles only) to 30% of deliveries in Europe by 2025 – with pure electric vehicles (BEV) reaching 50%

⁶ According to the SBTi, science-based net-zero targets are defined as the state of net-zero emissions for companies with no impact on the climate resulting from the organisation's GHG emissions. Reaching a state of science-based net-zero emissions implies the following two conditions as set according to the SBTi definition: 1. Achieving a scale of value chain emission reductions consistent with the depth of abatement at the point of reaching global net-zero in pathways that limit warming to 1.5 °C with no or low overshoot. 2. Neutralising the impact of any source of any residual emissions by permanently removing an equivalent volume of atmospheric CO₂.

⁷ Please keep in mind that the target may be updated within a maximum of 24 months after the initial commitment to the SBTi in November 2021 before submission to the SBTi for validation in October 2023. Updates usually reflect changes in company's structuring due to mergers and acquisitions, for example that may affect the company's initial GHG inventory at the time the targets were announced.

⁸ Source: internal figures regarding ALD's performance; EV volumes regarding market figures.

by 2030. ALD intends to achieve its targets not only by simply depending on external factors (regulation, product offering), but also by applying an action plan which includes the following:

- Adapting and growing the product offering: growing the electric offer by improving the geographical coverage and the depth of services provided, developing and scaling up the product portfolio of new mobility services (based on concepts such as mobility budgets, mobility as a service, vehicle sharing).
- Improving consultancy capabilities to best accompany its clients in their sustainable mobility journey. This involves supporting customers from end-to-end in their electrification trajectory, and from helping to define strategies to controlling actual costs and carbon footprints.

In order to fulfil its target on sustainable mobility, ALD intends to finance the growth of its green fleet through the issuance of Green and Positive Impact Bonds.

Contribution of Use of Proceeds’ categories to sustainability objectives and key ESG industry challenges

ISS ESG mapped the Use of Proceeds’ category financed with this framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges, as defined in the ISS ESG Corporate Rating methodology for the road transportation industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of the Use of Proceeds’ category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Battery electric vehicles (BEV)	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green and Positive Impact Bonds is clearly described by the issuer.*

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the framework.
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 standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by the issuer.
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ANNEX 1: Methodology

ISS ESG Green/Social KPIs

The ISS ESG Green/Social Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of ALD’s Green and Positive Impact Bonds.

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 fulfil 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.

Environmental and social risks assessment methodology

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

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by ALD (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 ALD’s Green and Positive Impact Bonds contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

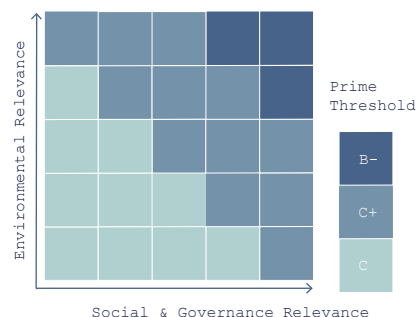
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

ALD commissioned ISS ESG to compile a Green and Positive Impact Bonds' SPO. The Second Party Opinion process includes verifying whether the Green and Positive Impact Bond Framework aligns with the PPIF and GBP and to assess the sustainability credentials of its Green and Positive Impact Bonds, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- PPIF and GBP
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer
- Proposed European Green Bond Standard (EU GBS, July 2021)

ISSUER'S RESPONSIBILITY

ALD's responsibility was to provide information and documentation on:

- Framework
- Asset pool / Eligibility criteria
- 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 and Positive Impact Bonds to be issued by ALD based on ISS ESG methodology and in line with the ICMA GBP, proposed European Green Bond Standard (EU GBS, July 2021) and the PPIF.

The engagement with ALD took place from April to May 2022.

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.

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 more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green and Positive Impact Bonds' SPO, please contact: SPOOperations@iss-esg.com

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