

Second-Party Opinion

Enwave Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Enwave Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Energy Efficiency and Energy Management, Renewable Energy, Pollution Prevention and Control, Sustainable Water and Wastewater Management – are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2021. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG Goals 7, 9 and 12.



PROJECT EVALUATION / SELECTION Enwave will appoint a Green Financing Committee (the “Committee”) to oversee the project selection and evaluation process. The Committee is comprised of representatives from specialist teams in Sustainability, Finance & Treasury, Engineering, and Operations. Enwave’s senior management team will be responsible for providing final approval. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Enwave’s Finance department will track proceeds using a Green Financing Register. An amount equal to the proceeds from the green offering will be earmarked for allocation to Eligible Projects. Enwave applies a 24-month look-back period and intends to fully allocate within 36 months of an offering. Pending allocation, net proceeds may be used for repayment of Enwave’s credit facilities and/or other short-term indebtedness, held in cash equivalents, or for general corporate purposes. This is in line with market practice.



REPORTING Enwave is committed to reporting on the allocation and impact of its green financing proceeds on an annual basis, until full allocation. Allocation reporting will be done at the category level, where feasible, and will include amounts allocated and the balance of unallocated proceeds, while impact reporting will draw on quantitative environmental metrics. Sustainalytics views Enwave’s allocation and impact reporting as aligned with market practice.

| | |
|------------------------|--------------------------|
| Evaluation date | May 1, 2021 ¹ |
| Issuer Location | Toronto, Canada |

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¹ This document is an update of a Second-Party Opinion, originally published in August 2020, to which Sustainalytics has made revisions. In early 2021, Enwave was jointly acquired by two companies and so Enwave updated their Framework to reference the new owners and connect Enwave’s ESG strategy and policies to those of their new owners. Therefore, Sustainalytics has updated this Second-Party Opinion. The changes have no bearing on the Framework’s compliance with the four core components of the Green Bond Principles 2018 and the Green Loan Principles 2021. The revisions to this SPO address only the changes made to the Framework, and Sustainalytics’ has not updated its assessment of the Framework’s use of proceeds criteria.

Introduction

Enwave Canada Investment Holdings 2 Inc. (“Enwave”, or the “Company”), inclusive of Enwave Energy Corporation and its other subsidiaries, is the largest fully integrated district energy services provider in Canada, with operations in four cities.² The Company provides cooling, heating and power to institutional, residential and commercial buildings across a range of sectors and industries, including universities, hospitals, government buildings and data centers. Enwave is jointly owned by IFM Investors (“IFM”) and the Ontario Teachers’ Pension Plan Board (“OTPP”). The Company is headquartered in Toronto, Canada and as of 2020 has over 160 employees.

Enwave has developed the Enwave Green Financing Framework (the “Framework”) under which it may issue green bonds, green loans, or other financial instruments (together referred to as the “Green Financing Instruments”) and use the proceeds to finance and/or refinance existing and/or future projects that support the Company’s ability to provide clean and energy-efficient cooling, heating, and power solutions to its customers. The Framework defines eligibility criteria in four areas:

1. Energy Efficiency and Energy Management
2. Renewable Energy
3. Pollution Prevention and Control
4. Sustainable Water and Wastewater Management

Enwave engaged Sustainalytics to review the Enwave Green Financing Framework, dated May 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (“GBP”)³ and Green Loan Principles 2021 (“GLP”).⁴ This Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ 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, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA⁷;
- 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 1.8, 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 Enwave’s 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. Enwave representatives have confirmed (1) they understand it is the sole responsibility of Enwave 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.

² Cities include Toronto, London Windsor, and Charlottetown.

³ 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/>.

⁴ The Green Loan Principles are administered by the Loan Market Association and are available at: <https://www.lsta.org/content/green-loan-principles/#>

⁵ The Enwave Green Financing Framework is available on Enwave’s website at: <https://www.enwave.com/sustainability.html>

⁶ 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.

⁷ In addition to the Loan Markets Association, the GLP is also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association.

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 Enwave.

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 and loan 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.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond and loan 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 Enwave has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Enwave Green Financing Framework

Sustainalytics is of the opinion that the Enwave Green Financing Framework is credible and impactful and aligns with the four core components of the GBP 2018 and GLP 2021. Sustainalytics highlights the following elements of Enwave's Green Financing Framework:

- Use of Proceeds:
 - The eligible categories – Energy Efficiency and Energy Management, Renewable Energy, Pollution Prevention and Control, Sustainable Water and Wastewater Management – are aligned with those recognized by the GBP 2018 and GLP 2021.
 - The Framework states that Green Financing Instruments can be used to finance the acquisition, including minority equity participation, of projects if the project derives a minimum of 90% of revenues from activities that fall within the Eligible Project categories. By placing a quantitative threshold of 90%, Sustainalytics believes that Enwave has ensured that proceeds from its Green Financing Instruments will be directed to activities that generate positive environmental impact.
 - Under the Energy Efficiency and Energy Management category, Enwave will finance projects which reduce energy consumption and/or manage and store energy. Enwave's Framework specifies that district energy heating and cooling networks financed with green financing proceeds will primarily use renewable energy sources. Such networks include its Deep Lake Water Cooling ("DLWC") system in Toronto. Eligible investments may also include equipment and technologies for renewably powered heating and cooling, energy storage equipment, and for waste-heat recovery.
 - With respect to generating facilities, Sustainalytics notes that proceeds may be used to finance heating and cooling equipment and technologies powered at least 90% by renewable energy. Eligible distribution assets include only those that primarily use renewable energy. Enwave has confirmed that where any of its facilities generate heating and /or cooling with fossil fuels, green finance proceeds will not be allocated to such fossil fuel components. Enwave will remove an amount equal to the costs allocated to the purchase, installation, and maintenance of fossil fuel-powered equipment as well as the purchase of fossil fuels themselves, from the total project costs, or exclude revenues related to fossil fuels as applicable.
 - Enwave has disclosed to Sustainalytics that waste-heat recovery primarily relates to sewage and municipal water waste heat. This may also include the utilization of heat waste from buildings such as data centers where heat pumps will be used in a waste-heat recovery mode to extract heat out of cooling systems in order to deliver heat to

- other buildings. Sustainalytics views these activities to be aligned with market practice, and notes that waste heat recovery from fossil fuel production is not being considered.
- Under the Renewable Energy category, Enwave will finance biomass and geothermal thermal energy and/or power projects, including geo-exchange projects.
 - For biomass projects, Enwave currently operates waste biomass systems and may invest in non-waste biomass projects in the future.⁸ For non-waste feedstocks, Enwave has committed to ensuring that projects achieve a lifecycle emissions threshold of less than 100 grams of CO₂e/kWh and that feedstocks are sustainably sourced, including under a certification scheme, and that they do not compete with food productions. Sustainalytics encourages Enwave to report transparently on the sourcing of non-waste feedstock, including reporting on the selected certification scheme(s) to ensure they are considered credible.
 - For geothermal projects, Enwave intends to invest in systems that are expected to emit less than 100 grams of CO₂/kWh in direct emissions.
 - Sustainalytics views the application of these emissions thresholds as appropriate and aligned with market practice for each technology.
 - Enwave has disclosed to Sustainalytics that future projects may include combined heat and power projects which are primarily driven by renewable sources of power, including waste biomass and municipal waste. Enwave has confirmed that waste is separated prior to energy generation and that it only received non-recyclable wastes.
 - Under the Pollution Prevention and Control category, Enwave intends to invest in projects which will reduce and/or reuse waste. Specifically, Enwave may invest in waste-to-energy projects and have confirmed that such projects will ensure the separation of recyclable material prior to incineration. Sustainalytics considers these activities to be aligned with market practice.
 - Under the Sustainable Water and Wastewater Management category, Enwave will invest in equipment, technologies and systems to reduce and manage water used in its district energy systems. Sustainalytics considers this to be in line with market practice.
 - Project Evaluation and Selection:
 - Enwave has formed a dedicated Green Financing Committee (the “Committee”), comprised of representatives from specialist teams in Sustainability, Finance & Treasury, Engineering, and Operations, that is responsible for overseeing the projects evaluation and selection process to ensure compliance with the Framework’s eligibility criteria. Enwave’s senior management team will be responsible for final project approval.
 - Based on the clear delegation of responsibility and appropriate oversight, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Enwave will establish a Green Financing Register which will be managed by its centralized Finance department. Proceeds will be deposited and tracked in the issuing entity’s account, and the Finance department will be responsible for using the register to record all relevant information. An amount equal to the proceeds from the green offering will be earmarked for allocation to Eligible Projects.
 - Enwave applies a 24 month look-back period and has stated its commitment to fully allocate net proceeds within 36 months of an offering.
 - Pending allocation, net proceeds may be used, in part or in full, for repayment of Enwave’s credit facilities and/or other short-term indebtedness, held in cash or cash equivalents, or for general corporate purposes.
 - Based on the presence of internal tracking systems and disclosure on temporary allocation of proceeds, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - Enwave is committed to reporting on the use of proceeds on an annual basis, until all of the proceeds have been allocated. Reporting will be made available on the Company’s website or via an annual report.

⁸ Waste feedstock includes, but is not limited to, wood chips generated from waste from harvesting operations including materials that are not merchantable for saw logs or pulp.

- Allocation reporting will be conducted at the category level, where feasible, and will include a brief description of Eligible Projects, amounts allocated and the balance of unallocated proceeds.
 - As part of its impact reporting, Enwave will draw on impact indicators, including but not limited to: estimate of GHG reduction/avoidance; decrease in electricity consumption and/or demand; installed capacity displaced and annual water use reduction.
- Based on Enwave’s commitment to allocation and impact reporting on an annual basis, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2021

Sustainalytics has determined that the Enwave Green Financing Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Enwave

Contribution of framework to Enwave’s sustainability strategy

Enwave has stated its commitment to implementing energy-efficient solutions across its infrastructure platform, from introducing low-carbon technologies to finding new ways to share and optimize energy use by expanding its district energy infrastructure.⁹ In addition, Enwave’s parent companies, IFM and OTPP, have both made public pledges to reducing greenhouse gas emissions across their assets and investment portfolios to net zero emissions by 2050.^{10,11} With well-aligned responsible investment and guiding principles, both companies have stated a clear commitment to integrating ESG considerations in their investment portfolios. Enwave’s existing Sustainable District Energy strategy¹² focuses on three priority areas, all of which align with its parent companies’ ESG principles: 1) Environmental Performance; 2) Operational Excellence; and 3) Responsible Management.

At an operational level, Enwave promotes sustainability through the delivery of innovative projects which are generally more energy efficient than traditional technologies. Through its Deep Lake Water Cooling (“DLWC”) System in Toronto, Enwave reduces approximately 55 megawatts (“MW”) of energy demand each year from the grid that serves Toronto.¹³ Per the City of Toronto’s Climate Action Strategy, TransformTO, it is expected that by 2050 roughly 30% of the city’s floor space will be connected to low-carbon heating and cooling.¹⁴ Compared to a chiller, DLWC is estimated to reduce electricity use by approximately 80% and that an estimated 220 million gallons of water is saved annually as a result of Toronto’s DLWC system.¹⁵ For example, Brookfield Place in Toronto has managed to eliminate the need for conventional chiller plants and has saved more than five million kilowatt-hours (“kWh”) of electricity since connecting to Enwave’s DLWC system.¹⁶ On Prince Edward Island, Enwave has introduced a waste-to-energy system which reduces landfill waste by 90% and reduces the province’s reliance on imported fuel.¹⁷ The system removes recyclable material and then converts the remaining household waste into energy.

Sustainalytics is of the opinion that the Framework is aligned with the Company’s overall mission and that the eligible projects in the Framework will complement its action on its key initiatives. Sustainalytics encourages Enwave to set its own sustainability targets to better align with IFM and OTPP’s sustainability strategies and provide a clear picture on how these initiatives align with the Company’s overall targets to reduce its environmental footprint over time.¹⁸

⁹ Enwave, ‘Environmental Stewardship’, at: <https://www.enwave.com/>

¹⁰ OTPP Climate Change FAQ (Jan 2021), at: <https://www.otpp.com/members/cms/en/news/archive/2021/committing-to-netzeroemissionsby2050.html>

¹¹ IFM Investors Targets Net Zero by 2050 (Oct 2020), at: <https://www.businesswire.com/news/home/20201012005655/en/IFM-Investors-Targets-Net-Zero-by-2050>

¹² Enwave, Sustainable District Energy, 2019, at: https://www.enwave.com/pdf/enwave_esg_report_2019.pdf

¹³ Enwave, ‘Enwave and Toronto Water tap into innovative energy source’ at: <https://www.enwave.com/case-studies/enwave-and-toronto-water-tap-into-innovative-energy-source/>

¹⁴ *Ibid.*

¹⁵ *Ibid.*

¹⁶ Enwave, ‘Empowering North America’s fastest-growing city’, at: <https://www.enwave.com/locations/toronto.htm>

¹⁷ Enwave, ‘Charlottetown: Turning tree waste into energy’, at:

<https://www.enwave.com/locations/pei.htm#:~:text=Heat%20from%20household%20waste&text=Our%20Prince%20Edward%20Island%20district,%2C%20low%2Dcarbon%20energy%20solution.>

¹⁸ Enwave has informed Sustainalytics that it will be publishing its inaugural Sustainability Report on September 8th. The report will be made available on the Company’s website at: <https://www.enwave.com/sustainability.html>

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

While Sustainalytics recognizes that the net proceeds from the green financing instruments issued under the Framework will be directed towards eligible projects that are recognized by the GBP and GLP to have positive environmental impacts, it is recognized that such eligible projects may still pose some environmental and social risk. Some key environmental risks associated with the Company's intended activities include air and water pollution, while social risks include occupational health and safety and adverse impacts on local communities if stakeholder relationships are not well managed. Sustainalytics is of the opinion that through IFM and OTPP's ESG policies and practices, and its own on-site requirements, Enwave is able to appropriately address potential environmental and social risks related to its projects.

Through its overarching Health, Safety and Environmental program,¹⁹ Enwave ensures it meets statutory requirements related to spill response, hazardous storage material and handling. In addition, all Enwave sites are responsible for obtaining permits and environmental assessments pertaining to air, soil, and noise pollution. For new projects and expansions, Enwave conducts environmental assessments in line with local, state/provincial and federal regulations and works closely with various government bodies to ensure ongoing compliance.

In order to minimize social risks, Enwave applies a health & safety management framework that is modeled after OHSAS 18001.²⁰ As part of this framework, in 2019, Enwave rolled out a comprehensive nation-wide health and safety training program that is mandatory for all employees and contractors within its various portfolio companies, with the goal of aiming to have zero serious safety incidents. The Company reached an 89% training completion rate by the end of 2019. Enwave's Board of Directors and senior management team will meet quarterly to assess health and safety as it pertains to the Company's HSE program.

Sustainalytics is of the opinion that Enwave has sufficient measures in place to manage and mitigate potential environmental and social risks commonly associated with the eligible projects.

Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of expanding zero-carbon and low-carbon district energy systems in Canada

Buildings consume a significant amount of electricity and heating power in Canada and are directly responsible for 17% of greenhouse gas emissions. In April 2021, Canada enhanced its emissions reduction target under the Paris Agreement, with a commitment to reduce its GHG emissions 40-45% below 2005 levels by 2030.²¹ With increased investments in net-zero technologies, the Canadian government aims to achieve net-zero emissions by 2050. The Pan-Canada Framework on Clean Growth and Climate Change cites the building sector and the energy and heating systems that service this sector, as critical ones to decarbonize if Canada is to achieve its emission reduction targets.

A recent report inventoried 159 operating district energy systems across Canada, delivering approximately 5.9 million megawatt-hours (MWh) of thermal energy in 2014.²² While district energy systems utilize a variety of fuels, ranging from fossil fuels to renewable energy sources, the inventory of systems in Canada found that the use of renewable energy avoided 7% of GHG emissions.

Global estimates are that currently less than 2% of delivered building heat is supplied with renewable district heating systems and widespread implementation of renewable district heating could result in reductions of over 6 gigatons by 2050.²³ It is therefore imperative that communities in Canada, and elsewhere, connect to district heating and cooling systems and that such systems move as quickly as possible to being renewably-powered.

¹⁹ This information is not available publicly. Enwave shared with Sustainalytics its environmental risk management measures.

²⁰ Enwave has confirmed this point with Sustainalytics.

²¹ Prime Minister of Canada, 'Prime Minister Trudeau announces increased climate ambition', at: <https://pm.gc.ca/en/news/news-releases/2021/04/22/prime-minister-trudeau-announces-increased-climate-ambition>

²² Natural Resources Canada, "District Energy Inventory for Canada" (March 2016), available at:

<http://www.sfu.ca/content/dam/sfu/cieedac/publications/facilities/District%20Energy%20Inventory%20Report%202016.pdf>

²³ Project Drawdown, "District Heating", available at: <https://drawdown.org/solutions/district-heating>

Sustainalytics is of the opinion that the projects included in Enwave's Green Financing Framework will likely contribute towards increased uptake in district energy systems, which will support Canada meeting its national GHG emission reduction 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 |
|---|--|--|
| Energy Efficiency & Energy Management | 7. Affordable and Clean Energy | 7.3 By 2030, double the global rate of improvement in energy efficiency. |
| Renewable Energy | 7. Affordable and Clean Energy | 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix |
| Pollution Prevention and Control | 12. Responsible Consumption and Production | 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment |
| Sustainable Water and Wastewater Management | 9. Industry, Innovation and Infrastructure | 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities |

Conclusion

Enwave has developed the Enwave Green Financing Framework under which it will issue Green Financing Instruments and the use of proceeds to finance and/or refinance projects in district energy supply and to support the development of clean technologies. Sustainalytics considers that the projects funded by the green financing proceeds will provide positive environmental impact.

The Enwave Green Financing 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 Enwave Green Financing 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, 9 and 12. Additionally, Sustainalytics is of the opinion that Enwave 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 Enwave is well-positioned to issue Green Financing Instruments and that the Enwave Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2021.

Appendices

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

Section 1. Basic Information

| | |
|---|----------------------------------|
| Issuer name: | Enwave |
| Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i> | Enwave Green Financing Framework |
| Review provider's name: | Sustainalytics |
| Completion date of this form: | May 1, 2021 |
| Publication date of review publication: | |

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 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, Energy Efficiency & Energy Management, Renewable Energy, Pollution Prevention and Control, Sustainable Water and Wastewater Management, are aligned with those recognized by the Green Bond Principles 2018 and the Green Loan Principles 2020. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG Goals 7, 9 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" 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 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 <i>(please specify)</i> : |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

Enwave will appoint a Green Financing Committee (the "Committee") to oversee the project selection and evaluation process. The Committee is comprised of representatives from specialist teams in Sustainability, Finance & Treasury, Engineering, and Operations. Enwave's senior management team will be responsible for providing final approval. 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 checked="" 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

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Enwave's Finance department will track proceeds using a Green Financing Register. An amount equal to the proceeds from the green offering will be earmarked for allocation Eligible Projects. Enwave applies a 24-month look-back period and intends to fully allocate within 36 months of an offering. Pending allocation, net proceeds may be used for repayment of Enwave's credit facilities and/or other short-term indebtedness, held in cash equivalents, or for general corporate purposes. 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:

- | | |
|--|---|
| <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):

Enwave is committed to reporting on the allocation and impact of its green financing proceeds on an annual basis, until full allocation. Allocation reporting will be done at the category level, where feasible, and will include amounts allocated and the balance of unallocated proceeds, while impact reporting will draw on quantitative environmental metrics. Sustainalytics views Enwave's allocation and impact reporting as aligned with market practice.

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 (<i>please specify</i>): |

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (*please specify*): Balance of unallocated proceeds

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):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (*please specify*):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (*please specify*): Company's website.
- 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. 2nd 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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