

EnFin Corp.

Type of Engagement: Green Bond Pre-Issuance Review

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Introduction

EnFin Corp. (EnFin) developed the EnFin Green ABS Framework dated March 2024 (the “Framework”) under which it intends to issue green asset-backed securities (the “2024-2 Green ABS”) to securitize eligible solar loans (the “Smart Energy Loans”), which provide financing for customers to purchase solar energy systems and energy-efficient technologies.

In September 2024, EnFin engaged Sustainalytics to review the projects it intends to fund through the 2024-2 Green ABS (the “Nominated Projects”) and provide an assessment as to whether the projects comply with the Use of Proceeds, Project Selection and Management of Proceeds sections of the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in September 2024.¹

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects as to whether:

1. They are aligned with the use of proceeds eligibility criteria in the Framework
2. The commitments to select projects, manage proceeds and report on allocation and impact are aligned with the ones described in the Framework.

Appendix 2 provides a summary of the Nominated Projects.

Issuing Entity’s Responsibility

EnFin is responsible for providing accurate information and documentation relating to the Nominated Projects, including a description of the projects. This information was provided to Sustainalytics to support its review. EnFin is also responsible for confirming that the processes for project selection and management of proceeds will remain aligned with the commitments in the Framework.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the 2024-2 Green ABS. The work undertaken as part of this engagement included verification of the Nominated Projects and confirmation from representatives of EnFin that the use of proceeds, processes for project selection and management of proceeds for the 2024-2 Green ABS will remain aligned with the commitments described in the Framework.

Sustainalytics has relied on the information and the facts presented by EnFin with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by EnFin.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment.

¹ Sustainalytics, “Second-Party Opinion, EnFin Green ABS Framework”, (2024), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/enfin-corp/enfin-green-abs-framework-second-party-opinion-\(2024\)/enfin-green-abs-framework-second-party-opinion-\(2024\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/enfin-corp/enfin-green-abs-framework-second-party-opinion-(2024)/enfin-green-abs-framework-second-party-opinion-(2024))

Conclusion

Based on the limited assurance procedures conducted,² nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the 2024-2 Green ABS are not aligned with the Framework.

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of projects and assets, including description, estimated and realized costs, and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Use of Proceeds Eligibility Criteria

Table 1: Framework Eligibility Criteria

Use of Proceeds Category	Eligibility Criteria
Renewable Energy	<p>Finance or refinancing of loans for homeowners to purchase and install solar energy systems that adhere to the following criteria:</p> <ul style="list-style-type: none"> i. Solar power generation system equipment (including solar panels and/or other photovoltaic equipment, inverters, racking, wiring & balance-of system equipment) ii. Electrical system upgrades related to installation of solar energy system iii. Other services directly related to installation of the solar energy system (including trenching, foliage trimming/de-shading, installation of fencing to prevent rodent intrusion,) iv. Pre-paid O&M contracts covering solar energy system upkeep v. Roofing work required for installation of the solar system vi. Energy storage systems (paired to an installed PV system) vii. Sourced from an EnFin Approved Vendor viii. Installed by an EnFin Approved Installer
Energy Efficiency	<p>Finance or refinancing of loans for homeowners to purchase and install energy efficient systems that adhere to the following criteria:</p> <ul style="list-style-type: none"> i. Insulation ii. Solar thermal systems iii. Sealing or replacement of doors/windows iv. EV charging stations v. Energy-efficient appliances vi. Energy-efficient lighting and power strips vii. Other energy-efficient home upgrades as reviewed and approved by EnFin Risk Committee or designated on a case-by-case basis viii. Invoiced amounts do not exceed 25% of the total Smart Energy Loan amount

Appendix 2: Summary of the Nominated Projects

Table 2: Details of the Smart Energy Loans³

Total number of loans	6,219
Percentage of loans that align with the use of proceeds criteria	100%
Total collateral principal (USD million)	301.91

Table 3: EnFin's Estimated Environmental Impact of the Loan Portfolio

Environmental Impact	Estimated Impact
Estimated renewable energy production through residential solar energy installations financed by Smart Energy Loans	111,365 MWh/year
Total estimated renewable energy produced by financed residential solar energy installations (assuming 30 years lifetime)	3,340,963 MWh
Total estimated carbon emissions avoided	2,368,743 MtCO _{2e}

³ EnFin has communicated to Sustainalytics that all the loans fully comply with the lookback criteria.

Appendix 3: Sustainalytics' Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine if they are projects aligned with the use of proceeds eligibility criteria outlined in the Framework.	All projects reviewed (Appendix 1) complied with the use of proceeds eligibility criteria.	None
Project Selection and Management of Proceeds Criteria	Verification of the Nominated Projects to determine if the processes for project selection and management of proceeds were consistent with the Framework.	EnFin Corp. has confirmed to Sustainalytics that the processes for project selection and management of proceeds for the green are consistent with the commitments described in the Framework.	None

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