

EnFin Corp.

Type of Engagement: Green Bond Pre-Issuance Review

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Introduction

In 2024, EnFin Corp. (EnFin) developed the EnFin Green ABS Framework under which it intends to issue green asset backed securities (the “2024 Green ABS”) to securitize eligible solar loans (the “Smart Energy Loans”, or the “Nominated Projects”)¹ that enable customers to purchase solar energy systems and energy-efficient technologies that are expected to deliver a positive environmental impact by reducing the GHG emissions while offering financial benefits to residential customers for owning solar energy systems and related products. Sustainalytics provided a Second-Party Opinion on the Framework in the same month.²

In March 2024, EnFin engaged Sustainalytics to review the projects funded through the 2024 Green ABS to provide an assessment as to whether the projects comply with the use of proceeds, project selection and management of proceeds sections of the Framework.

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 to Sustainalytics 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 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 green 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 The Framework clarifies that the green ABS are secured green collateral bonds per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021. For such issuances, the Framework additionally requires the collateral underlying the securitization of a secured green collateral bond to align with the criteria in the Framework. EnFin commits to ensuring no double-counting of eligible projects under the secured green collateral bond and any other EnFin outstanding green or sustainable financing.

² The Second-Party Opinion will be made available on Sustainalytics’ website, at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects>

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the green bond is not aligned with the Framework.

³ 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

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

Appendix 2: Summary of the Nominated Projects

EnFin has identified loans financing solar energy projects that are originated as of 16 February 2024.

Table 1: Details of the Smart Energy Loans

Total Number of Loans	5,424
Number of loans that align with the eligibility criteria	5,424
Percentage of loans that align with the use of proceeds criteria	100% ⁴
Number of loans that align with the lookback criteria	100%
Percentage of loans that align with the lookback criteria	100%
Total collateral principal (USD)	251,644,698.29
Average collateral principal (USD)	46,394.67

Based on the sizes reported and usage assumed by the approved installers, EnFin has estimated the following environmental impacts from the solar energy systems funded by the eligible loans.

Table 2: EnFin's Estimated Environmental Impact of the Smart Energy Loans

Environmental Impact	Impact Figure
Estimated renewable energy production through residential solar energy installations financed by Smart Energy Loans backing any Secured Green Collateral Financings in MWh per Year	105,192
Total estimated renewable energy produced by such residential solar energy installations (assuming 30 years lifetime) in MWh	3,155,758
Total estimated carbon emissions avoided from renewable energy produced in metric tons CO _{2e}	2,237,432

⁴ EnFin has communicated to Sustainalytics that all Smart Energy Loans securitized under the 2024 Green ABS do not finance equipment powered by fossil fuel that loans financing household appliances comprise less than 1% of the ABS size.

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 aligned with the use of proceeds eligibility criteria outlined in the Framework.	All projects reviewed 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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